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# ***Daily Report***

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## **China**

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# Daily Report

## China

FBIS-CHI-90-013

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19 January 1990

**NOTICE TO READERS:** An \* indicates material not previously disseminated in electronic form.

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## General

### Further on Cambodian Settlement

#### Foreign Ministry on UN Role

OW1901115490 Beijing in English to North America 0300 GMT 19 Jan 90

[Text] The Chinese Foreign Ministry says the Kampuchean factions must dissolve their governing authority before the United Nations establishes any interim administration. (Li Dan) reports the ministry spokesman also discussed Sino-Soviet relations as part of the first news conference in Beijing.

[Begin recording] [(Li)] Foreign Ministry spokesman Jin Guihua says: U.N. interim administration of Kampuchea will not be effective unless the Phnom Penh regime and the Coalition Government of Democratic Kampuchea are dismantled. He asked that the solution to the crisis cannot be imposed from outside the country. His remark was translated by an interpreter.

[Interpreter] This question concerns the sovereignty of the four sides of Cambodia. Therefore, only when the four parties in Cambodia accept the formula, can it be worked out.

[(Li)] The spokesman says: The Kampuchean issue is still the key obstacle to Sino-Vietnamese relations. The solution must include a genuine Vietnamese troop withdrawal from Kampuchea under strict U.N. supervision.

Jin Guihua was asked if the possibility of ideological rift exists between Beijing and Moscow. He replied that the prospect is bright for bilateral relations if both sides abide by the principle of peaceful coexistence and the principles stated in the Sino-Soviet Joint Communiqué.

Jin Guihua also confirms that the government has adopted new regulations concerning foreign journalists and news organizations in China. The regulations outline registration procedures and scope of operational foreign media in China. The Foreign Ministry will enforce the regulations. Jin Guihua says the State Council will put the regulations into effect in the near future. [end recording]

#### Official on UN Meeting

OW1901012190 Beijing XINHUA Domestic Service in Chinese 0619 GMT 18 Jan 90

[Text] Paris, 17 Jan (XINHUA)—Consultations on the Cambodian issue at the just concluded meeting of vice foreign ministers and an assistant secretary of state of the permanent members of the UN Security Council has yielded positive results, said Assistant Chinese Foreign Minister Xu Dunxin in Paris today, adding that the basic spirit of the minutes of consultations published by the meeting was in conformity with China's consistent stand.

Xu Dunxin, as the Chinese representative, attended the meeting of the permanent members of the UN Security Council held on 15 and 16 January in Paris. Today he had an interview with French and American journalists at the Chinese Embassy in France and answered their questions.

At the beginning of the interview, Xu Dunxin gave a briefing on the minutes of consultations published by the meeting. He said: To sum up, this document covers four aspects: First, the Cambodian issue must be solved comprehensively and politically. The unilaterally declared withdrawal of Vietnamese troops from Cambodia last September was not accepted by the international community because of lack of international supervision and verification. Hence, the question of Vietnamese troop withdrawal has not been truly solved. Second, the Cambodian people's national rights of self-determination are confirmed in the minutes. The United Nations will respect the choice made by the Cambodian people in their free elections without outside influence. Third, the five nations unanimously stressed that the United Nations should play an important role in the settlement of the Cambodian issue. This is a relatively important part of the minutes. Fourth, the permanent members of the UN Security Council are willing to make joint efforts with members of the Association of the Southeast Asian Nations and other parties concerned to prompt an early settlement of the Cambodian issue.

However, Xu Dunxin pointed out: Despite the results achieved at the meeting, it should be noted that some important questions were not touched upon in the discussions. Examples are to what extent the United Nations would be involved in the interim administration to be set up in Cambodia, the disposition of the armed forces of the four factions, and the dismantling of the two existing regimes.

Xu Dunxin reiterated China's consistent stand on the Cambodian issue, that is, Vietnam must truly and totally withdraw its troops under effective international supervision, and a provisional four-party coalition government headed by Prince Sihanouk should be established. This, he said, is the best plan to settle the Cambodian issue totally, justly, and reasonably.

Xu Dunxin pointed out: The supreme national committee referred to in the minutes is completely different in nature from the one envisaged by Hun Sen. What Hun Sen proposed is to establish a supreme national committee while keeping the Phnom Penh regime. What is proposed in the minutes is the establishment of a supreme national committee to tentatively exercise administrative power in Cambodia when the UN interim administration operates following the dismantling of the two existing regimes.

Referring to China's military aid to the "Khmer Rouge," Xu Dunxin said: The Cambodian issue is a result of Vietnam's invasion and longtime occupation of Cambodia. The Vietnamese invasion has led to resistance

from the three Cambodian factions. It is beyond reproach that the international community, including China, supports the resistance movement against this foreign invasion. China supports not only the "Khmer Rouge," but also Sihanouk and Son Sann. He stressed: China provides support for the purpose of upholding justice, not for any private interests. For this reason, once all the Vietnamese troops have been withdrawn under effective international supervision and the Cambodian issue has been solved comprehensively and politically, China, as well as other countries, will halt military aid to the resistance movement. China only supports resistance against foreign invasion; in no way will it support a civil war.

### Commentary on UN Role

OW1801193090 Beijing XINHUA Domestic Service  
in Chinese 0810 GMT 18 Jan 90

[Commentary by XINHUA reporter Shen Xiaoquan (3088 1321 3123): "The United Nations Should Play an Important Role in Cambodian Settlement"]

[Text] Paris, 17 Jan (XINHUA)—Deputy foreign ministers and assistant secretaries of state of the five permanent members of the UN Security Council held a meeting in Paris on 15 and 16 January to discuss the Cambodian issue. The minutes issued at the conclusion of the meeting by the representatives of the five countries stressed that the United Nations should play an important role. This shows that progress is being made in seeking a comprehensive political solution to the Cambodian issue.

It is known to all that since Vietnam invaded Cambodia in 1979, the United Nations has adopted many resolutions condemning the Vietnamese trampling of Cambodian sovereignty and demanding an early Vietnamese troop withdrawal. Most of the UN member states support Democratic Kampuchea's legal seat at the United Nations. This just position of the United Nations' is supported by the international community but is rejected and boycotted by Vietnam and its backed Phnom Penh regime. Vietnam has always tried to avert an international conference for discussing the Cambodian issue within the UN and to play down the role of the conference. Vietnam continued to assume this attitude at the Paris international conference for discussing the Cambodian issue last August. The attitude set off international dissatisfaction.

Vietnam announced its so-called unilateral "troop withdrawal" last September, but of course the international community refused to recognize the withdrawal because there was no effective international supervision and investigation. Facts show that a large number of Vietnamese troops still remain in Cambodia. It is precisely this mistaken act of Vietnam that causes the flames of war to continue to burn in Cambodia. Because of this, some countries have put forth many peace proposals to

strengthen the United Nations' role in seeking a political solution to the Cambodian problem.

It was precisely in this background that the representatives of the five permanent members of the UN Security Council held this meeting in Paris. The minutes issued at the conclusion of the meeting list 16 proposals to which the representatives agree in principle. Seven of the proposals involve the United Nations. The minutes pointed out that the United Nations' role must be strengthened in the process of solving the Cambodian problem; the total withdrawal of foreign troops must be investigated and confirmed by the United Nations; the United Nations must play an effective role in assuring the country's stability during the transition period following the withdrawal of foreign troops; and the country's general elections must be conducted under the direct administration of the United Nations.

The agreement reached by the five permanent members on strengthening the United Nations' role will be surely conducive to the reopening of the Paris international conference and to an early settlement of the Cambodian problem.

While affirming the achievement of this meeting, we should not deny that there were differences among the various countries on some major issues, many of which were not thoroughly discussed at this meeting, such as the concrete arrangement of the UN administration during the transition period, the dealing of the four factions' armed forces, the dismantling of the two existing political powers, and the Democratic Kampuchea seat at the United Nations. These issues will be gradually studied in subsequent meetings.

At the meeting the Chinese delegate reiterated the Chinese Government's consistent stance, that is, all Vietnamese troops must be withdrawn from Cambodia and a quadripartite coalition government headed by Samdech Sihanouk be set up under effective supervision and investigation of the United Nations. This is the best way to reach a comprehensive, fair, and reasonable settlement of the Cambodian conflict.

What merits attention is that while the international community is showing concern over the Cambodian situation and submitting a variety of peace proposals, Tran Quang Co, Vietnam's vice foreign minister, disclosed a plan for an administrative and military partition of Cambodia, that is, consideration is given to the coexistence of two governments in Cambodia: one government representing the areas occupied by the Phnom Penh regime and the other representing the areas under the jurisdiction of the Cambodian resistance forces.

This plan is being strongly denounced by Sihanouk, who pointed out that this plot to divide Cambodia is an attempt to prevent the Phnom Penh regime from total destruction and to maintain Vietnamese troops in Cambodia. At this important time when progress has been made by the international community in its efforts to seek a comprehensive political solution to the Cambodia

conflict, Vietnam and the Phnom Penh regime should make a wise choice: It is better to accept a program for a comprehensive, fair, and reasonable solution with the participation of the United Nations.

### **Greater UN Role Urged**

*OW1801135590 Beijing XINHUA in English  
1328 GMT 18 Jan 90*

[By Shen Xiaoquan]

[Text] Paris, January 18 (XINHUA)—Assistant foreign ministers and assistant secretaries of the five permanent members of the U.N. Security Council concluded their two-day meeting in Paris on January 16 by stressing greater U.N. role in the Kampuchean settlement.

Progress is being made in seeking a comprehensive political solution to the Kampuchean issue, which began when Vietnam invaded the country. The United Nations adopted many resolutions condemning the Vietnamese trampling of Kampuchean sovereignty and demanding early Vietnamese troop withdrawal. Most of the U.N. member states support Democratic Kampuchea's legal seat at the United Nations.

However, Vietnam and its backed Phnom Penh regime rejected and boycotted the position supported by the international community.

Vietnam continues its attempt to avert an international conference for discussing the Kampuchean issue within the U.N. and plays down the role of the conference. The attempt initiates international dissatisfaction.

Hanoi and Phnom Penh regime continue rejection and inhibit of a comprehensive settlement of the Kampuchean issue, which was discussed last August at the international conference on Kampuchea in Paris.

The international community refused to recognize the Vietnamese unilateral "troop withdrawal" announcement last September without performing a thorough international investigation.

Facts show that a large number of the Vietnamese troops still remain in Kampuchea, causing the flames of war to continue to burn in that country.

Several countries have proposed peaceful methods to strengthen the U.N.'s role in seeking a political solution to the Kampuchean problem.

The consultation minutes issued by the January 15-16 U.N. Security Council meeting pointed out that the U.N.'s role must be strengthened to facilitate Kampuchean settlement; the total number of foreign troops withdrawn must be investigated and confirmed by the United Nations; the country's stability must be assured during the transition period following Vietnamese troop withdrawal; and the country's general elections must be directly supervised by the U.N.

The minutes are believed to be conducive to the reopening of the Paris international conference on Kampuchea and to an early comprehensive settlement of the Kampuchean issue.

Moreover, the meeting failed to thoroughly discuss a number of issues, such as the concrete arrangement of the U.N. administration during the transition period, the dealing with of the four factions' military forces, the dismantling of the two existing political powers, and the Democratic Kampuchean seat at the U.N..

The Chinese delegation representative reiterated China's consistent stance that all Vietnamese troops must be withdrawn from Kampuchea and a quadripartite coalition government headed by Samdech Norodom Sihanouk be set up under an effective supervision of the U.N. This is the best way to reach a comprehensive, fair and reasonable settlement of the Kampuchean problem, the Chinese representative said at the meeting.

However, it is noted that while the international community is showing concern over the Kampuchean situation and is submitting a variety of peaceful proposals for Kampuchean settlement, Tran Quang Co, Vietnam's vice foreign minister, disclosed Hun Sen's plan for an administrative and military partition of Kampuchea. The plan involves the co-existence of two governments in Kampuchea: one government representing the areas occupied by the Phnom Penh regime and the other representing the areas under the jurisdiction of the Kampuchean resistance forces.

The plan is being strongly denounced by Sihanouk, who pointed out that it is an attempt to prevent the Phnom Penh regime from falling from power and to maintain Vietnamese troops in Kampuchea.

The international community is making efforts to develop a comprehensive political solution to the Kampuchean issue. The Vietnamese authorities and the Phnom Penh regime should accept a U.N. peace plan for the solution.

### **'Remarkable' Progress Made in Arbitration**

*OW1801154790 Beijing XINHUA in English  
0849 GMT 18 Jan 90*

[Text] Beijing, January 18 (XINHUA)—China made remarkable progress in its foreign-related arbitration in the past year, providing legal protection to both Chinese and foreign partners involved.

The country's arbitration bodies authorized to handle such matters are the China International Economic and Trade Arbitration Commission (CIETAC) and the China Maritime Arbitration Commission.

According to the latest statistics, 250 new cases were handled by the two commissions in 1989, a rise of nearly 40 percent over the previous year, and the number of cases settled grew by 50 percent to reach 160, both records.



Although most cases involved Chinese and foreign partners, some were just between foreign litigants.

Some awards that were not endorsed in due time by the parties involved were enforced by courts in France and Hong Kong as well as other places, as China joined the United Nations' convention on the recognition and endorsement of foreign arbitration awards in 1987.

While expanding ties with their foreign counterparts, the two Chinese commissions also increased contacts with similar bodies in Taiwan, paving new ways for settling business and trade disputes across the Taiwan Straits.

Starting last year, the two commissions also enacted new rules of arbitration and hired new arbitrators, including eight from Hong Kong and Macao and six from foreign countries.

CIETAC Vice-Chairman Xiao Zhiming told XINHUA that his organization has established a branch commission in the Shenzhen Special Economic Zone.

Xiao pledged to improve the quality and timeliness of the two commissions' work so as to deliver quick and just settlements of international business disputes and protect the lawful rights of litigants.

#### **CPPCC Holds Diplomatic Reception**

*OW1901120990 Beijing XINHUA in English  
1121 GMT 19 Jan 90*

[Text] Beijing, January 19 (XINHUA)—The National Committee of the Chinese People's Political Consultative Conference (CPPCC) hosted a Spring Festival reception here this evening to entertain Beijing-based foreign envoys and their spouses.

CPPCC National Committee Vice-Chairmen Fang Yi, Qian Weichang and Qian Zhengying were present at the reception.

The envoys and their embassies have "enthusiastically supported and helped CPPCC in developing friendly contacts and exchanges with foreign countries in the past year," Qian Weichang said in an expression of "heartfelt thanks" on the occasion.

He proposed a toast to the constant expansion of the friendship between CPPCC and people of other countries.

#### **Conference Discusses 'Unfair Competition'**

*HK1901043390 Beijing RENMIN RIBAO in Chinese  
12 Jan 90 p 6*

[Article by Yu Meisun (0205 2734 5549): "Modify the Order of Competition, Oppose Unfair Competition—Roundup of the International Symposium on Opposing Unfair Competition"]

[Text] The "International Symposium on Opposing Unfair Competition," jointly called by the China Economic Law Research Association, the State Administration for Industry and Commerce, the State Council's Legislation Bureau, and the United Nations World Intellectual Property Rights Organization under the sponsorship of the United Nations Development Association [as published], was held in Beijing in the first part of November 1989. More than 30 specialists and academics from 14 countries and 80-odd representatives of China attended the conference. At the conference, the United Nations World Intellectual Property Organization arranged for seven world-known academics, respectively from the FRG, Italy, Spain, Switzerland, Britain, France, and the United States to speak on the theories and practices of developed countries in opposing unfair competition. Relevant representatives from the governments of Shanghai, Jiangxi, Heilongjiang, Wuhan, and other provinces and cities of our country also talked on local economic legislation and conditions concerning implementation in controlling unfair competition in recent years. Meanwhile, the conference participants studied problems of theory and practice in regard to the definition and concept of controlling unfair competition and the relevant principles and scope, legislation and administration of justice, and other aspects.

#### **On the Necessity and Feasibility of Controlling Unfair Competition**

The participants in the conference held that where there is production of commodities and exchange of commodities, there is competition, and that where there is competition, there is unfair competition. This is a general law governing commodity economy. Since the introduction of reform and openness, our country has carried out planned commodity economy with the formation of many components of economy and many patterns of operation based on public ownership as the core. The economy is enlivened through the encouragement of competition. Meanwhile, the situation of unfair competition in various forms has arisen, upsetting economic order. If no realistic measures are taken to control this practice, improvement and rectification and the deepening of the reform will be made difficult. The healthy development of the economy can also hardly be achieved. For example, as far as the problems appearing in our economic life are concerned, large numbers of cases of unfair competition have caused losses to the state, producers, distributors, and consumers, and the latter in particular, large numbers of them being involved. In the 4 years or so since its founding, the China Consumers' Association has received and handled 360,000 cases of complaint. Some 80 percent of them can be listed as complaints about unfair competition. Bad quality of products, false representation of commodities, and cheating in advertising are three big evils in economic life today. As far as legislation in practice is concerned, laws and rules and regulations related to opposing unfair competition, such as trademark laws, patent laws, advertisement rules and regulations, and

economic contract laws have been formulated and put in force. Some areas have made studies of legislation and implementation in opposing unfair competition. Some experiences have been gained. But there has still been no national legislation against unfair competition. This has made it difficult to prevent quite a large number of unfair competition practices, such as encroachment upon unregistered trademarks and logos and so forth. As far as the needs of the current improvement and rectification effort are concerned, also involved are the improvement of the operational behavior of producers and distributors and the rectification of economic order. If opposing unfair competition is taken as an important measure in improvement and rectification, this will help toward the realization of the overall aim of improving and rectifying economic conditions and economic order. Therefore, we must use legal means as quickly as possible to protect fair competition and stop unfair competition. The aim is to further encourage competition, stimulate economic revitalization, and promote economic development.

#### **The Guiding Thought on Controlling Unfair Competition**

Those attending the symposium considered that legislation against unfair competition must be based on the reality of the planned commodity economy introduced in our country, which must be distinguished from the market economy of a developed country. Legislation must take account of differences in economic life between coastal and inland areas and between special economic zones and nationality autonomous regions. Attention must also be paid to observing criteria and norms for international economic activities and the obligations assumed by our country as a signatory to the United Nations International Commodity Sales Convention, the International Commodity Sale and Purchase Validity Time Limits Convention, the Paris Convention on Protecting Industrial Property Rights, and other international treaties. Things must also be linked to relevant patent laws, trademark laws, economic contract laws, industrial enterprise laws, enterprise bankruptcy laws, and so forth. In addition, consumers' rights and interests protection laws, price laws, trading laws, and other relevant laws and rules and regulations must be formulated. There must be coordination and links in fighting unfair competition in regard to legislation, administration of justice, law enforcement, the popularization of laws, and so forth. Many comrades said that we must apply systems engineering theory and method to the proper handling of this task.

#### **The Definition of Legislation on Unfair Competition**

On this, the participants in the conference chiefly had four different views. One was that unfair competition means resorting to false representation, fraud, promotion of self-interest at others' expense, and other means in market economic activities, thus impairing the interests of the state, production operators, and consumers and upsetting the order of socialist competition. The

second view was that any competition behavior running counter to the socialist direction, hampering socialist cooperation, encroaching upon the interests of consumers, and doing damage to the legitimate rights and interests of the state, society, and other people is illegitimate behavior. The third view held that unfair competition refers to the behavior of enterprises and other economic organizations or individuals violating state laws and policies and defying market rules and ethical social principles by such means as false representation, cheating, and serving private interests at the expense of others to make illegitimate economic gains and even impair the interests of the state and others and upset the socialist economic order. Still another view held that unfair competition refers to the behavior of those acting in defiance of business ethics and the demands of the law of value and using illegitimate ways and means to seek economic results. In sum, the attendants at the symposium considered that unfair competition is chiefly marked by three characteristics: 1) Acting against laws, rules and regulations, and state plans; 2) running counter to the principle of being rational and fair and honest and trustworthy and disregarding customary business practices; 3) encroaching upon others' rights and interests.

#### **On the Scope for Readjustment of Legislation Against Unfair Competition**

Legislation of the world's various countries against unfair competition generally combines the readjustment of behavior contrary to the principle of being honest and trustworthy with restrictive commercial activities, or counteraction against monopolies. Most of the academics attending the symposium held that in light of the conditions of our country at its present stage, legislation calls for only the readjustment of unilateral behavior contrary to the principle of being honest and trustworthy. As monopoly behavior still does not constitute a big threat to our economy, there is no need to fight monopolies first. A small number of people believed that monopolies should also be fought at the same time. We might, for instance, fight administrative monopolies, involvement of officials in profiteering, local economic blockades, local trade protectionism, protectionism in a given line, and so forth. The participants considered that unfair competition (not including counteraction against monopoly) is chiefly divided into six main categories, that is, fraud, bribery, profiteering, false representation, contract breaking, and theft.

#### **On the Right of Making Complaints**

The attendants at the symposium held that complaints should come from five quarters—the economic unit, the consumer, the trade association (representing the trade or enterprise), the consumers' association (not representing a given group of consumers), and the government (representing the state)—whose rights have been encroached upon.



**LIAOWANG Views 'International Situation'**

HK1901085590 Hong Kong LIAOWANG OVERSEAS  
EDITION in Chinese No 2, 8 Jan 90 pp 25-26

[Article by Wan Guang (8001 0342): "The Characteristics of the Development of the International Situation"]

[Text] Editor's Note: At the end of the 1980s and the beginning of the 1990s, the swift changes and developments in the international situation are attracting world-wide attention. What changes have occurred in the international political situation? What is the present economic situation in the world and what are the prospects? What is there to feel pleased with and what are the causes for concern in man's environment? What developments have there been in high-level science and technology around the world? In looking at these major international questions, this magazine will continually provide reports on these issues in the "International Section" and will publish articles by experts who have conducted research on international questions. They will look back on the past and forward to the future and present their ideas to readers. [end editor's note]

The last year of the 1980s was a year which saw dramatic changes in the international situation. Having entered the 1990s, the world will continue to see major changes.

**The Major Changes in the World**

In 1989, some historical changes occurred in the states of Eastern Europe, while, in the Soviet Union, there occurred the "most difficult period" since Gorbachev came to power.

At the same time, the United States and other Western states, on the basis of maintaining a military containment capacity, placed emphasis on using political, economic, and ideological measures to wage attacks on socialist countries. The United States declared a "super-containment" policy in respect of the Soviet Union, and the United States and its allies coordinated in a policy of "peaceful evolution" in respect of the socialist states.

In the 1990s, the development of the situation in the Soviet Union and Eastern Europe will continue to attract the attention of the world. The continuing unrest in the East European situation will directly influence changes in the overall European situation and will affect the whole world. Changes in the Soviet Union will also affect the global situation.

The situation in Europe is now undergoing the most deep-going changes since the war. The changes in Eastern Europe in 1989 have occurred in a situation in which the military antagonism between the United States and the Soviet Union has been reduced, in which the Soviet and U.S. control over their allies has been weakened, and in which there has been an increase in dealings between Eastern and Western Europe. Further, the dramatic changes in the East European situation have in turn accelerated these processes. Following the swift development of the European situation, in the

complex contradictions and struggles which exist between the United States, the Soviet Union, Western Europe, and Eastern Europe, there have appeared new divisions and new alignments.

The United States and the Soviet Union have different strategic intentions in Europe. The United States wants to draw Eastern Europe into the "democratic family of European nations" which is under U.S. leadership. The aim of the Soviet Union is to do all it can to hold Eastern Europe together and to create divisions in the relationship between Western Europe and the United States, and establish a "European house" which excludes U.S. influence. The United States and the Soviet Union are entering a new stage of intense rivalry in Europe.

The United States and Western Europe have, on the one hand, coordinated in implementing "peaceful evolution" arrangements in Eastern Europe while, on the other hand, they are contending for the leading position in Eastern Europe. In this respect, Western Europe has more financial muscle than the United States and is geographically closer. The European Community will become a more powerful competitive force on the international stage.

In Europe, the rise of the FRG has already attracted the attention of the United States, the Soviet Union, and the other states of Europe. Following changes in the situation of the GDR, the "10-point plan" for gradually realizing the unification of Germany put forward by the FRG has given rise to various concerns and worries in the United States, the Soviet Union, and Europe.

Europe has become even more the strategic focal point in global rivalry. Eastern Europe is at present a focal point in international struggle. The German question is now also becoming a new focal point, with contradictions on all sides.

Europe has become one of the turbulent and unstable regions of the world. It is predicted that in the 1990s, Europe will break away further from the postwar situation arranged by the Yalta Conference. However, at the same time as there is turbulence and intense contention, there will also appear restricting factors in many respects. The Soviet Union and the United States, who are both seeing declining influence in Europe, held a summit in December 1989. They want to maintain the bipolar system and, in the current European situation, continue to maintain the two major groupings, in an effort to control the development of the situation in Europe.

Compared with Europe, the development of the situation in the Asia-Pacific region has been quite stable. In the 1990s, economic development in the Asia-Pacific region will continue to rank high on a global scale and the region's position in the world will be further raised. The reduction in the degree of military confrontation between the United States and the Soviet Union in the Asia-Pacific region has been slower than in Europe. The roles played by the United States and Japan in the Asia-Pacific region will perhaps become even more

marked. The United States will continue to maintain a superiority in the Asia-Pacific region, but will be increasingly challenged by Japan. Having become an economic superpower, Japan wants to become a political superpower and is strengthening its military. At the same time as the United States and Japan are striving to establish a "global partnership," they are further developing a struggle in vying for the leading position in the Asia-Pacific region. China occupies an important position in the Asia-Pacific region. China's stable development and its implementation of a peaceful foreign policy of independence and self-determination will play a positive role in promoting stability and development of the Asia-Pacific region and the world. The strengths and roles of the other countries in the Asia-Pacific region are also growing. The various forces in the Asia-Pacific region will engage in new alignments and, by the 21st century, a new situation may well have been formed.

#### **The Alleviation of the Acute and Complex Struggles**

The movement of the world toward a situation of greater detente will continue to develop in the 1990s. The military confrontation between the United States and the Soviet Union will be further reduced. The United States and the Soviet Union both need to reduce the heavy burden of arms expansion, and may further reduce deployment of some nuclear weapons and some conventional weapons. However, they will continue to vie in the area of high-technology weapons. The majority of the regional hotspots will see a sustained reduction in tension, and political solutions will be sought to resolve problems. However, because of local contradictions and the continued meddling by the United States and the Soviet Union, it will be difficult to completely eliminate problems, and new hotspots may emerge. The likelihood of global, large-scale war is slight, while the danger of local, limited-scale clashes will continue to exist.

At the same time as there is military detente between East and West, as well as the development of political dialogue and economic dealings, because the West is engaged in the strategy of "peaceful evolution" for socialist countries, the intensity and complexity of the struggle between East and West will remain quite acute within certain conditions and scope. Socialist countries face a long period of struggle between infiltration and anti-infiltration, between interference and anti-interference, and between "peaceful evolution" and "anti-peaceful evolution."

Proceeding from their own needs, the United States and the Soviet Union have strengthened their detente and their cooperative relations and for some time to come the cooperation brought by compromise between them may see development. However, the United States and the Soviet Union are still mutual opponents. In terms of basic strategic goals, the United States wants the Soviet Union to make more concessions, so that it can obtain superiority over the Soviet Union and thereby change the socialist system of the Soviet Union itself. Meanwhile, the Soviet Union wants to maintain a balance of

power with the United States. The essential contradictions between the Soviet Union and the United States will become deeper and they will continue to engage in trials of strength and rivalry. In future, the U.S.-Soviet relationship may experience some destabilizing factors.

The developed countries of the West will use the economic difficulties of the Third World countries and will increase political intervention in developing countries through economic pressure. The West has strengthened its own economic blocs and trade protectionism, and Western funds, technology, and so on are now being diverted to the rivalry in Europe. This will result in developing countries suffering more harm. The economic and technological disparities between North and South will further widen. The Third World countries will form more regional organizations and strengthen those which exist, and engage in confrontation. The contradictions and struggle between North and South will become more pronounced.

There is economic osmosis and coordination between the Western countries, and they jointly engage in infiltration and interference in socialist countries and Third World countries. However, the internal contradictions among the Western states are also growing. The position of the United States as the head of the Western alliance has been subject to more challenges. This is apparent not only in the organizations of the Western countries, and in their engaging in economic competition through strengthening their own blocs, but also in the struggles between the United States and Western Europe, between the FRG and other states in Western Europe, and between the United States and Japan for the leading positions in Europe and in the Asia-Pacific region.

#### **A Period of Change in the World**

The postwar period characterized by military confrontation between the United States and the Soviet Union is coming to a close. The postwar bipolar structure and the situation in Europe, where two large armies confronted each other, are now being broken down and major changes are occurring in the balance and alignment of forces in the world. However, a new balance and structure of forces has not yet been formed. When the world is in such a period of change and transition, it is unavoidable that upheavals and tense situations will occur in some areas.

In the 1990s, the international socialist cause will continue to undergo stern tests. The socialist system must be improved and developed. That is to say, there is a need to positively carry out reform and a requirement to uphold the socialist orientation. Seen from the long river of history, the current period is but a round in the historical competition between two social systems. The capitalist system was only consolidated and developed after a process of several hundred years and after repeatedly experiencing feudal restoration and antirestoration. In its process of development, it was continually beset by crisis. The socialist system, which is newly emerged,

must be improved, consolidated, and developed and, if it is to fully demonstrate its superiority, will also have to go through a long and twisting course.

The world-wide comprehensive competition in terms of national power, which was spurred on by the technological revolution and which has economics and technology as its key aspects, will enter an important stage in the 1990s. The result of this competition will exacerbate the unbalanced development of the world and will result in major changes in the balance of power in the world of the 21st century. All countries will engage in further readjustment and reform and will put stress on developing the economy and technology, in an effort to secure a more beneficial position in the world of the 21st century.

The trend of multipolarization in the world will see accelerated development in the great global changes which are occurring. The influence of the United States and the Soviet Union in the world will be further weakened. At the same time as they compete with each other, they will try to safeguard the weakening bipolar system, so as to counter the trend toward multipolarization which is developing in the world. However, such actions will create suspicion and opposition from other countries in the world, and will in fact promote the development of multipolarization. In the contention between the bipolar system and multipolarization, in the competition between the various forces in the world, and in the new vibrations caused by the rise of the FRG and Japan, new interlocking and complex mutually restricting relationships are forming and shifting in the world. The international balance and alignments of power will continually see new changes. The 1990s will be a transitional period in the evolution toward a future multipolar world. The 1990s will also be an important stage in the multipolar development of the world, and this period of development may reveal some inkling of the future multipolar world.

To sum up, history may well prove the 1990s to be a key stage in the gradual formation of the new world structure of the 21st century.

### United States & Canada

#### Li Peng Meets With Paul Volcker

OW1801183090 Beijing XINHUA in English  
1436 GMT 18 Jan 90

[Text] Beijing, January 18 (XINHUA)—Chinese Premier Li Peng said here today that China's economic mode is neither a complete market economy nor an entirely centrally planned economy, but a combination of planned economy and market regulation.

This mode has proven to accord with China's conditions by the experience of the past 40 years, he said at a meeting with Paul Volcker, former chairman of the Board of Governors of the United States Federal Reserve System.

Li said, "One should not judge the success of China's reforms merely by the proportion of planned economy or market economy in the economic development as a whole. It should be judged by whether the reforms have promoted economic development and improved the people's livelihood."

Referring to the sluggish market, Li said that the Chinese Government is concerned about it and necessary measures have been taken. "The sluggish market is a temporary economic phenomenon," the premier said. In fact, he added, the market in some places has improved and industrial production has gone up.

"As an economic lever, the central bank should and can better play the regulating role in China's current economic readjustment," Li Peng said.

Volcker said China's economic readjustment to check inflation and ensure stable economic development was correct. Without stability, there would be no foundation for economic development, he said.

Volcker is currently professor of international economic policy at Princeton University and chairman of the James D. Wolfensohn investment bank.

Li Guixian, governor of the People's Bank of China, was also present at the meeting.

### Soviet Union

#### Representative Speaks at Moscow Environment Forum

OW1901025590 Beijing XINHUA Domestic Service  
in Chinese 1136 GMT 18 Jan 89

[By reporter Meng Jun (1322 6511)]

[Text] Moscow, 17 Jan (XINHUA)—In his speech at a "global forum on environment and development" on 17 January, a Chinese representative pointed out: After 10 years of reform, China now has the ability to solve its urban environmental problems.

The meeting on global ecological and environmental problems has entered its third day in Moscow. Briefing those at the forum on achievements and problems in China's urban environmental control, Dr Duan Ning, deputy director of the Environmental Management Institute under the Chinese Research Institute of Environmental Sciences, said: In recent years, China's strategy for urban environmental control has developed into one of tackling environmental problems in a comprehensive way. While carrying out industrial readjustment, enterprise consolidation, and technical transformation, many cities have readjusted their industrial and energy structures and the distribution of enterprises, thus reducing urban environmental pollution by industrial enterprises. Atmospheric dust precipitation in major cities has also noticeably decreased. Duan Ning also pointed out: Judging from the changing trend of water pollution in some parts of China over the past few



years, organic pollution has steadily increased, pollution of sources of drinking water has expanded, and noise pollution has become one of the major public nuisances in Chinese cities. But he stressed: The recently promulgated "Environmental Protection Law of China" is bound to speed up the improvement of China's urban environment.

Representatives from the United States, Egypt, and the United Nations also spoke at the forum today. The "global forum on environment and development" opened on 15 January. Nearly 1,000 political and religious figures, scholars, and journalists from more than 80 countries are attending the forum, which will close on 19 January.

### **Shenyang Consulate Expected by Yearend**

HK1801034190 Hong Kong SOUTH CHINA  
MORNING POST in English 18 Jan 90 p 14

[By John Kohut in Shenyang]

[Text] The Soviet Union is expected to set up a consulate in Shenyang, the capital of Liaoning province, this year, in a move that will help strengthen Sino-Soviet trade and economic ties.

A spokesman for the Liaoning Foreign Affairs Office said no precise date had yet been fixed for the opening of the consulate, but he expected a Soviet mission to be set up here by the end of 1990 if everything went as planned.

It is not clear whether the recent Sino-Soviet rift over the dramatic changes in Eastern Europe will affect the plans.

Western analysts here note that trade between the two countries, most of it barter, has been growing at a rapid pace and is expected to boom over the next few years. The establishment of a Soviet consulate would help facilitate that trade.

An advance party of Soviet officials was already in Shenyang to help work out details, the Foreign Affairs Office spokesman said.

"There are still a number of problems that have to be resolved," he said. But at this point, the outstanding issues—including the site of the new consulate and whether the Chinese or Soviets would construct the building—were largely technical.

The consular district would cover the Manchurian provinces of Heilongjiang and Jilin, as well as Liaoning, the official said.

A spokesman for the Soviet embassy in Beijing confirmed there were plans to set up a consulate in Shenyang, but no agreement had yet been signed.

The Soviet Union, which had helped build much of the infrastructure and industry of the northeast provinces in the 1950s, closed its consulate there after the Sino-Soviet split in the early 1960s.

Western sources here said they believed the Soviets were in the process of negotiating a lease for three floors of a city hotel as a temporary headquarters. They expect the consulate to have 30 to 40 staff members when it reaches full strength.

Where the Chinese would set up a second consulate in the Soviet Union is thought to be still under negotiation. Khabarovsk, the centre of Sino-Soviet border trade, and Vladivostok, a major port and naval base, are thought to be the most likely options.

In 1986, with the thaw in Sino-soviet relations, the Chinese set up a consulate in Leningrad and the Soviets established one in Shanghai.

Furthermore, Western sources believe the Chinese and Soviets are negotiating a regular air service between Shenyang and Irkutsk, which were sister cities in the 1950s. A number of Shenyang-based joint venture projects have been started up in Irkutsk over the past few years as bilateral relations improved, the sources said.

Sino-Soviet border trade in 1988 soared to \$3.09 billion compared with only \$412 million from 1983 through to 1987.

Barter trade and even barter tourism have been steadily increasing, particularly following the Soviet President, mr Mikhail Gorbachev's, visit to Beijing last May.

For example, last year, the Soviet Union accounted for about 20 percent of Heilongjiang's foreign trade compared with nine percent the previous year. Western analysts believe there is plenty of room for further expansion.

"The two economies fit very nicely," with the Soviet Union selling raw materials such as steel, iron, fertiliser, cement and wood to China, while light industrial products and labourers flow in the opposite direction, said one Western analyst.

The three northeast provinces have become increasingly aggressive in their export of labour to Siberia, where workers are in short supply. About 12,000 Chinese from these provinces are expected to go to work in the Soviet Union this year.

According to Western sources with close local contacts, the number is expected to rise to more than 50,000 in 1992.

### **Cooperation Expected Between Seismologists**

HK1701010390 Beijing CHINA DAILY in English  
17 Jan 90 p 1

[By our staff reporter Xie Liangjun]

[Text] A long-term effort to intensify exchanges of data between Chinese and foreign seismologists coincides with the start of a decade in which, scientists say, earthquakes will be large and numerous.

The effort will draw together those of China's neighbours with frequent earthquakes, industrialized nations often hit by quakes, and other countries located along major faults, said senior engineer Fang Zhangshun, director of the State Seismological Bureau.

According to Fang, former Vice-Minister of Geology and Mineral Resources, earthquake forecasting is in an exploratory period. Breakthroughs in predicting earthquakes will require international co-operation.

"The Soviet Union will be deemed an important partner in such information exchanges," the director said.

China shares a 7,000-kilometre border with the Soviet Union; the two countries share similar earthquake conditions.

The formal government-to-government Sino-Soviet co-operative efforts inaugurated last October when the State Seismological Bureau, at the invitation of the Soviet Academy of Sciences, dispatched a delegation to the Soviet Union to work out co-operative efforts.

He said that a team of Soviet seismologists was expected to arrive in Beijing in May to negotiate an accord.

Furthermore, the seismological departments of north-west China's Xinjiang Uygur Autonomous Region last year reached some agreements with the three Soviet republics in middle Asia on exchanging information and researches on seismological sciences.

Fang expressed optimism about the future of such Sino-Soviet co-operations, adding that negotiators from both countries were very active and enthusiastic.

China initiated information exchanges with the United States as early as 1980, one year after the establishment of Sino-U.S. diplomatic relations.

In the past 10 years, the two countries have run 45 seismology projects.

Among these 45 projects, the most favoured is the China Digital Seismic Network (CDSN).

The seismic network, completed in October, 1987, consists of nine seismic stations scattered around China that continuously record seismic data. This contributes to a better understanding of the requirements for predicting earthquakes.

### Northeast Asia

#### Japan Foreign Ministry Official on Aid Package

##### Speaks With Shen Jueren

*OW1901084290 Beijing XINHUA in English  
0828 GMT 19 Jan 90*

[Text] Beijing, January 19 (XINHUA)—Chinese Vice-Minister of Foreign Economic Relations and Trade Shen Jueren had discussions on Sino-Japanese economic

cooperation this morning and yesterday afternoon with Matura Koichiro, Economic Cooperation Bureau director of Japan's Ministry of Foreign Affairs.

#### Aid Talks To Resume

*OW1901143290 Tokyo KYODO in English 1348 GMT  
19 Jan 90*

[Text] Beijing, Jan. 19 KYODO—Japan and China have agreed to start preparations to implement Japan's six-year, 810 billion yen aid package to China, the Japanese Foreign Ministry's top aid official, Koichiro Matura, said Friday.

Matura, director general of the ministry's Economic Cooperation Bureau, said Japan will decide the amount of loans to be supplied in fiscal 1990 after talks with Japanese Foreign Minister Taro Nakayama and Zou Jiahua, head of the Chinese State Planning Commission.

Zou began a 10-day visit to Japan on Tuesday.

He is the first Chinese cabinet-level official to visit Japan since the government's June crackdown on pro-democracy demonstrators. He is to meet Nakayama on January 23.

Matura said he has met with officials of the Ministry of Foreign Economic Relations and Trade and of the State Science and Technology Commission.

Chinese officials noted Japan's economic help is key to China's economic development and urged Japan to implement the loan package as early as possible, Matura said.

Matura told the Chinese that Japan supported the lifting of martial law in Beijing on January 10. He said he has asked China to continue political reforms and open-door policies.

Matura, who arrived in Beijing on Thursday, is due to return to Tokyo on Saturday.

#### Sino-Japanese Science Commission Session Ends

*OW1901130890 Beijing XINHUA in English  
1249 GMT 19 Jan 90*

[Text] Beijing, January 19 (XINHUA)—The minutes of the talks for the fifth session of the Sino-Japanese Scientific and Technological Cooperation Commission were signed here today.

Heading the commission on behalf of each country were Wu Yikang, director of the Department for the International Scientific and Technological Cooperation under the Chinese State Science and Technology Commission, and Minoru Kubota, minister of Japanese Embassy in Beijing.

At the session between 18 and 19 January, the both sides briefed each other on the strategies and policies for boosting their respective state science and technology.



With a consensus that the bilateral cooperations over the past years have scored remarkable achievements, the two sides worked out other 40 or more items for further cooperation at the session.

So far, Sino-Japanese cooperations have covered scores of fields including agriculture, metallurgy, oceanology, meteorology, environmental protection, seismology, biology, material science and astronomy.

#### **Japanese Businessmen Hailed for Trade Ties**

*OW1801182290 Beijing XINHUA in English  
1557 GMT 18 Jan 90*

[Text] Osaka, Japan, January 18 (XINHUA)—A group of visiting senior Chinese economic officials thanked business leaders in the Kansai area of western Japan today for promoting economic cooperation with China, and encouraged them to continue their efforts.

The Chinese officials, led by State Councillor and Minister of the State Planning Commission Zou Jiahua arrived in Japan on Tuesday for a 10-day visit.

Speaking at a reception given by eight economic organizations in the Osaka area, Zheng Hongyie, chairman of the China Council for the Promotion of International Trade, said that before the normalization of Sino-Japanese ties, it was the business circle in the Kansai area that broke through obstacles and sent the first delegation of Japanese businessmen to China to discuss ways to promote relations and economic and trade exchanges.

"The move sent great repercussions through Japan, and there is no doubt that it played a vanguard role in realizing the normalization of bilateral relations between the two countries," Zheng said on behalf of planning Minister Zou.

Zheng noted that some recent difficulties have appeared in Sino-Japanese relations, but he called for joint efforts by the Chinese and people from various circles in Japan to overcome these problems.

Zou and his party visited factories of the Sumitomo Electric Industries Ltd. in Itami City near Osaka, and a videotape recorder factory and the Museum of Technology of the Matsushita Electric Industrial Co., Ltd., during the day.

### **Southeast Asia & Pacific**

#### **Indonesian Talks on Diplomatic Relations Reported**

*HK1901090590 Hong Kong LIAOWANG OVERSEAS  
EDITION No 3 in Chinese 15 Jan 90 pp 30-31*

[Article by Zhao Zeng (6392 1073): "The Unforgettable Jakarta Visit—Factual Report on Sino-Indonesian Talks on the Resumption of Diplomatic Relations"]

[Text] The attention-drawing talks on resolving the technical problems in the resumption of Sino-Indonesian diplomatic relations were held in Jakarta from 5 to 9 December 1989 with satisfactory results.

Shouldering a heavy commission and carrying the letter of Foreign Minister Qian Qichen, Xu Dunxin, assistant minister of the PRC Ministry of Foreign Affairs, and head of the Department of Asian Affairs, headed a Chinese delegation of 10 persons and left for Jakarta on 3 December. Since the diplomatic relations between China and Indonesia were severed, we had to fly to Hong Kong and obtain our entry visas from the General Consulate of Indonesia there. On the evening of the following day, when the plane touched down at Jakarta's Sukarno-Hatta International Airport in this beautiful and rich Country of a Thousand Islands, the Chinese delegation was welcome by the head of the Indonesian delegation, (Luowuhanapeisi,) head of the Foreign Ministry General Department of Political Affairs, (Buor,) head of the Department of Asian Affairs, and senior officials of other relevant departments. On 13 April 1950, not long after the PRC was founded, official diplomatic relations were established between the PRC and the newly independent Republic of Indonesia. For the next 17 years, the two countries were on very friendly terms. Later, owing to reasons known to all, diplomatic relations between the two countries came to an end on 30 October 1967. Since then relations between the two countries have become abnormal. Twenty-two years have elapsed. The fact that the two countries are about to resume their diplomatic relations will certainly attract public attention, won't it?

More than 50 Indonesian and foreign reporters flocked here and scrambled in every effort and every second to take precious photos of the senior government officials of the two countries as they came into contact in Jakarta for the first time in 22 years. At the earnest and unanimous request of reporters, Xu Dunxin, head of the Chinese delegation, and (Luowuhanapeisi,) head of the Indonesian one, held a press conference at the airport. Xu Dunxin expressed: China and Indonesia are neighboring countries that exist in the same region; thus, there is no reason why they are not friendly to each other. Normalization of relations between the two countries not only is in keeping with the interests of the two countries and two peoples, but also is favorable to peace and stability in Asia. We are willing to work hard with our Indonesian counterparts to fulfill the commission our leaders have entrusted us with, that is bringing about the normalization of relations between the two countries at an early date. He believes: Through mutual friendly negotiations and concerted efforts, it is not difficult to resolve technical problems regarding the resumption of diplomatic relations, and it is possible to reach an understanding on them.

When we were leaving the dome-shaped international airport, which is typical of Java architecture, the drizzle heavy with the scent of flowers wafted to our faces as if it was giving welcome to the Chinese delegation. Now it

was evening in Jakarta and the quiet and beautiful nocturnal scenery gradually revealed itself to us. The "Indonesian Hotel" which the delegation stayed in is a 15-story building in the shape of a fan. It was built during the 1960's when the first New Force Athletic Meet was held in Jakarta. This reporter also stayed in this hotel when he accompanied a Chinese nongovernmental trade delegation to the Jakarta Exposition in 1987. But this time his journey to Jakarta has an unusual meaning.

In recent years, friendly cooperative relations between the two countries have gradually been coming around and developing. Political contact between leaders of two countries has increased, and their economic and trade relations have improved remarkably. Trade delegations of the two countries have come into more contact and bilateral trade has relatively increased since a memorandum on developing their direct trade was signed in July 1985 between the Trade Promotion Association of China and the Indonesian Association of Trade and Industry. In 1988 their total bilateral trade volume reached \$9.18 million, representing a 18 percent increase over 1987. Politically, they have already come into contact in multilateral meetings. In April 1985, the then state councillor and foreign minister Wu Xueqian headed a Chinese delegation and went to Indonesia to attend the celebration activities for the 30th anniversary of the Bandung Meeting. In April 1988, the then vice foreign minister Liu Shuqing attended the 44th annual meeting of the UN Council for Asian and Pacific Economy and Society. The two countries held the same or similar views on many significant international issues. In order to seek a radical solution to the Cambodian issue, they have always maintained good cooperation. In February 1989, Foreign Minister Qian Qichen held a historically significant meeting with President Suharto and State Secretary Moerdiono in Tokyo. Since they reached an agreement on three points regarding the normalization of diplomatic relations of the two countries, on many occasions foreign ministers of the two countries and their representatives to the United Nations exchanged views in a friendly manner on the resumption of diplomatic relations. Political problems regarding the normalization of relations between the two countries have been solved. According to the view agreed upon between the foreign ministers of two countries in New York in October last year, this time the Chinese delegation would hold talks with Indonesia on resolving the technical problems in the resumption of diplomatic relations and would finally level out the road to the normalization of diplomatic relations.

With the host's careful arrangement, the talks were held in the presidential suite on the same floor of the hotel where the delegation stayed. The secretary general of the Indonesian delegation told us that Jakarta had a population of over two million and nearly two million cars; therefore, it would be very inconvenient to hold talks elsewhere. From the morning of 5 December on which they discussed the agenda, to the press conference they held on the morning of 9 December to end the talks, they

had held five rounds of talks and group discussions in succession. Except for the official visit paid to the Indonesian prime minister and state secretary, we almost never stepped out of the hotel. Each day, talks, discussions and negotiations went on till midnight, and sometimes till 2 o'clock in the morning. The host of reporters certainly had a hard time. They waited in the corridor all day. Especially when they heard that a press communique was to be issued on the evening of 8 December, many of them "camped out" in the hotel corridors.

Thanks to the laborious and hectic work of both sides, there have been encouraging achievements in the talks on the resumption of diplomatic relations. On 9 December, they signed a summary of talks and issued a joint press communique. Subjects under discussion were: facilitating the reestablishment of embassies; nationality and dual nationality; and examination and settlement of the bilateral agreements signed in the past between the two countries. The Indonesian Government expressed that it would fulfill the obligation of paying debts. The two countries have agreed to handle their debts in keeping with the international practice. The Indonesian Government reiterated that it would strictly pursue a one-China policy toward China. Except for a few details, they reached consensus on almost all problems they discussed. The talks went on in a constructive, sincere and friendly atmosphere. Thus, Indonesian Foreign Minister Alatas said to Xu Dunxin wittily: "Your work efficiency is high. Within such a short time we have already come to mutual understanding. But our foreign ministers also want to do something. Please leave something for me and Qian Qichen to do!"

Assistant Minister Xu Dunxin and others also paid an official visit to the state secretary. Being state secretary to the president, he is very busy, but he was very happy because he could see Xu Dunxin again in Jakarta. In February 1989, President Suharto and he met with Qian Qichen in Tokyo. Before that, he had had negotiations with Foreign Minister Qian Qichen, paving the way for the normalization of relations between China and Indonesia. In the capacity of the head of the Department of Asian Affairs, Xu Dunxin also went with them on the trip. They were very happy and looked back on the unforgettable things in those days. The state secretary was very pleased at the progress of the current talks. He said he would continue to pay attention to the development of the normalization of relations. Delegation head Xu thanked him for the contribution he had made to the Sino-Indonesian relations and hoped that the decision President Suharto made regarding the normalization of relations would become fruitful on the first anniversary, 23 February 1990.

With the careful arrangements of the warm and hospitable host, the delegation visited the "Mini-Garden of Indonesia," and the palace of former President Sukarno. They also went to Bandung, famous for its history, to see the Independence Building, site for the Asian and African Meeting. On 18 April 1954, a grand meeting was

held here in this white building, marking the new independence of Asian and African nationalities. Premier Zhou Enlai headed a Chinese government delegation and attended this meeting. He gave the "Seeking Accord and Coexistence Between Different" speech. This helped consolidate the mutual understanding and friendship between China and countries in Asia and Africa.

On 11 December, the day on which the Chinese delegation left Indonesia, Indonesian delegation head (Luowu-hanapeisi) came to see us off at the airport. He said: The Indonesian top leaders are very much concerned about the talks and are satisfied with the results. When they asked what year of animal 1990 is by Chinese calendar, delegation head Xu said: "The Year of Horse, a driving ahead on the road leveled out by the two countries."

### East Europe

#### Li Peng Receives Poland's Janowski Delegation

OW1801152590 Beijing XINHUA in English  
1431 GMT 18 Jan 90

[Text] Beijing, January 18 (XINHUA)—Chinese Premier Li Peng said the conduct of trade between China and Poland using foreign exchange instead of by barter trade will promote Sino-Polish economic and trade relations.

Premier Li made the comment in Beijing this afternoon during a meeting with a Polish Government delegation led by Jan Janowski, vice-chairman of the Council of Ministers and head of the office for Scientific and Technological Progress and Implementation.

The Polish delegation arrived here yesterday to attend the fifth session of the China-Poland Governmental Commission for Economic, Trade and Scientific and Technological Cooperation.

Li said the Chinese Government will maintain and develop friendly relations and economic and trade cooperation with Poland on the basis of the Five Principles of Peaceful Co-existence.

Janowski said Poland attaches great importance to its relationship with China, adding that he hopes to further boost relations.

Li briefed the guests on the goal of China's economic reform—establishing an economic system which can coordinate the planned economy with market regulation.

Also present at the meeting were Huang Yicheng, Chinese minister of energy resources, and Wang Pinqing, vice-minister of Foreign Economic Relations and Trade.



## Political & Social

### WEN WEI PO on Martial Law Climate

*HK1001064890 Hong Kong WEN WEI PO  
in Chinese 10 Jan 90 p 2*

["Special Dispatch from Beijing" by Staff Reporter:  
"The 'Major and Minor Climate' for Lifting the Martial  
Law in Beijing"]

[Text] Beijing, 9 Jan—The news that "the martial law is  
due to be lifted" has travelled fast in Beijing since this  
afternoon. Toward the evening, this tidings was spreading  
far and wide like the auspicious snow which this  
morning flurried everywhere.

People are delighted, because no matter how you put it,  
the dispatching of troops to enforce martial law in  
various sections of the capital 40 years after the PRC was  
founded is not something to be happy about. Moreover,  
people have seen with their own eyes and felt personally  
that Beijing is stable, and that the whole country is also  
stable, so "it is high time" for the central authorities to  
lift martial law.

In addition, sensitive Beijing residents have concluded  
from various indications during a certain period in the  
past, that the central authorities have brought the situa-  
tion under control, and have shown stronger and  
stronger confidence in what road China should take in  
the future; which found expression in the authorities  
relaxing restrictions for the mass media from foreign  
countries, Hong Kong, and Macao press; in encouraging  
the theoretical circles and the literary and art circles to  
contend; and of course, in leniently handling some  
people detained following the June 4th incident last year.

China's relations with foreign countries are also  
improving. The United States, Japan, and Britain suc-  
cessively sent special envoys to Beijing, and the eco-  
nomic blockade has itself collapsed. In addition, an  
informed source was quoted as saying that the work of  
restoring diplomatic ties with Indonesia and establishing  
diplomatic ties with Singapore is likely to be accom-  
plished during the first half of this year.

Such being the situation at home and abroad, the lifting  
of martial law is undoubtedly logical. Again, as the  
Spring Festival, a traditional major holiday for the  
Chinese people, is drawing near, it is believed that it is  
not only the wish of ordinary people but also that of the  
new CPC leadership with Jiang Zemin as its core, to lift  
the martial law so that the people of the whole country  
can celebrate the festival to their heart's content.

In Beijing, the package of activities during the holiday  
worked out by the central authorities has been relayed to  
units at lower levels. The leaders of the party, the  
government, and the military will gather together for  
mass congratulations; the central leadership will deliver  
a Spring Festival speech; the leaders at all levels will pay  
New Year calls to the masses at the grassroots level; the

Overseas Chinese Affairs Office and the United Front  
Work Department will jointly hold a New Year tea party;  
all commercial departments concerned will supply ample  
and a wide range of commodities to satisfy the demand  
of the masses; and colorful recreational and cultural  
activities will be carried out. All major cities in China  
have gone all out with the campaign to improve relations  
between police and civilians recently.

While ringing out the Old Year and ringing in the New,  
Chinese people are in the habit of planning for the future  
much more than giving thought to gains and losses in the  
past. "The whole year's work depends on a good start in  
spring." Their question of which road to take in the  
future merits greater attention.

The 50-minute documentary film shown by the Central  
Television last night seemed to give some enlightenment.  
This film showed and adequately affirmed the achieve-  
ments Guangzhou has scored during the decade-long  
reform and opening up to the outside world. It not only  
affirmed the development in Guangzhou, the perfor-  
mance of individual operators, and the policy to absorb  
foreign investment, but set a high value on Guangzhou  
citizens for their capability of assimilating what was  
useful and rejecting what was pernicious when the  
Western culture forced its way into China. What merits  
greater attention is that the film said in an affirmative  
tone that the most precious result the reform and  
opening has brought about is a change in people's  
thinking.

I am writing this report far into the night, but the news  
that the martial law will be lifted has not been con-  
firmed. However, I believe the decision will be carried  
out soon.

### Deng Warns Against Criticism of 13th Congress

*HK0901151190 Hong Kong CHING PAO in Chinese  
No 150, 10 Jan 90 pp 48-51*

[Article by Chang Mu (1728 3092): "Deng Xiaoping  
Warns Against Criticism of the 13th CPC National  
Congress, and that the 'Guardian' Style Must Not Be  
Institutionalized"]

[Text] Deng Xiaoping has recently stated his hope to live  
beyond the 20th century and to witness the realization of  
the "quadrupling."

Deng Xiaoping has warned that the report of the "13th  
National Congress" concerns more than Zhao Ziyang;  
there can be criticism of individual viewpoints, but not  
of the "13th National Congress" as a whole.

Deng has announced: In the past, the Central Committee  
entrusted me with the role of guardian of the party  
Central Committee and its Standing Committee; as this  
method does not seem to be working, under no circum-  
stances will it be institutionalized.

Deng stressed that the Central Committee must have a leadership collective boasting an image of reform and opening up. If there is no reform and opening up, and if everything is done according to the same old style, we will certainly be unable to reach our strategic targets.

The CPC has stressed that it must fulfill the following four targets this year: Inflation must be lower than last year, and the financial deficit, credit scale, and money issuance must all be kept lower than last year.

#### **Deng Is Expecting Longevity For the Sake of Stabilizing the Political Situation**

With the coming of the first spring of the 1990's, where is China heading? What are the prospects for the CPC after 40 years in power? Will there be any breakthroughs in political and economic reforms and opening up to the outside world?

According to Deng Xiaoping's construction "trilogy," in the last decade of this century Mainland China will fulfill the goal of "quadrupling" national income, that is \$800 to \$1,000 in terms of per-capita income—this is called the second step, which, in Deng Xiaoping's opinion, is the most difficult as well as the key step. If it is achieved the third step will be much easier. People may still remember that Deng Xiaoping has expressed his hope of wanting to live to see the return of Hong Kong in 1997, and at that time he will visit Hong Kong in the capacity of an ordinary citizen. **This time Deng is even hoping that he may live to see the realization of "quadrupling."** It seems that he is fairly confident about his health. The motive behind this expectation of living beyond the 20th century is obviously the intention of maintaining the existing political pattern, ensuring that the leadership core of the third generation—personally chosen by himself—will continue his line, and hence gradually building the decisionmaking authority of the leadership core.

**The Emphasis on Building a Reformist Image** The thing that most worried Deng in this round of reshuffling of the CPC leading core was the possible negation of the achievements of reform by outdated, conservative thinking. This is why Deng has laid particular emphasis on the need for China to have a leadership collective with a reformist image and one of opening up to the outside world. Deng believes that only with such an image can China entertain any hope. If things are done according to the old style, our strategic goals will never be reached. Without some experiments or trials, including even trials that result in defeats and frustrations, and moreover if we continue to observe time-honored rules and repeat the old rut, we can never reach our targets. Please pay particular attention to this point. We must not abandon reform or opening up.

One of the comments on China's political situation is that the highest-level reshuffle was not based on the contributions to "the crackdown on the rebellion" and did not "distribute rewards according to deeds" or award promotions to the level of the central leading core. The reason has obviously to do with Deng's consideration mentioned above.

#### **So Far There Have Been No New Reformist Measures**

Jiang Zemin replaced Zhao Ziyang nearly half a year ago. **Deng commented: Concerning the men we chose at the plenary session and the activities of the new leading group in the recent period, it seems that the response within and outside the country has been calm and the feeling is that the decision has proved sound; there have not been cynical remarks.** Here lies the key to Deng's determination to "completely retire" from the scene.

Deng Xiaoping has repeatedly emphasized staging new attempts at reform. On the one hand, this is to safeguard the decade-old established policy direction, and on the other, it is an expression of his hope that the new leading group can build a reformist image in the quickest possible time. Perhaps because it has been busy stabilizing the situation, and screening and rectifying party and government organs, groups, or companies, the Jiang Zemin system, which has advocated "reforming in a cautious manner," has yet to produce new reformist measures.

Earlier, when theoretical circles were criticizing "liberalized" thinking, there was quite a bit of controversy. Some charged the articles with lacking a probing and consultative attitude, saying that these articles did not convince with the force of reason but tried to pin "labels" on people; while some articles questioned and criticized some of the viewpoints in the political report of the "13th National Congress." The director of the Chinese Academy of Sciences said at a recent meeting that since the founding of the country, the dismissal of Ma Yinchu's new population theory, Morgan's genetic theory, and Pauling's resonance vibration theory as idealism has already done serious damage to science and technology and social and economic development. He said that this lesson should be remembered well and that we should respect intellectuals and talent; that academic questions should be left to scientists, for truth and consensus are achieved through academic debate; and that political slogans cannot replace academic debate and administrative intervention should be avoided.

**Deng Reiterated That There Can Be No Criticism of the 13th National Congress** Deng Xiaoping has warned: The report of the "13th National Congress" does not concern Zhao Ziyang alone. One center and two basic points has always been mentioned since the 3d Plenary Session of the 11th CPC Central Committee. These reform and opening up policies should never be challenged lightly. I, for one do not see any problem with the two statements in the "13th National Congress" report: "The state regulates and controls the market, while the market guides the enterprises." Some phrases are not appropriate or are even erroneous—we will not then talk about them; for a time they can be left aside. There are now some criticisms of some viewpoints, but there cannot be criticism of the "13th National Congress."

#### **Now Is Not the Best Time for Deng To Retire**

It may be said that, with the sharpened international and domestic contradictions and severe political and economic situations in the wake of the 4 June disturbance,



the time chosen by Deng Xiaoping to "completely retire from the scene" is not the best one. However, as Deng Xiaoping has remarked before: There is no such thing as waiting for a suitable opportunity to retire, for there is no suitable opportunity: On every occasion there would be some factor preventing retirement. The "13th National Congress" made me "half retire." But I have always thought that it would have been best if I had retired completely then.

People had been worried that Yang Shangkun would take over Deng's chairmanship of the Central Military Commission. But once the results of the CPC "fifth plenary session" were announced, some people then saw this as a distribution of power and benefits, and that the result of this distribution is a vast expansion of Yang Shangkun's powers and functions in the Army.

#### Why Has Yang Shangkun Not Retired

What was the truth? According to informed sources: Deng Xiaoping personally drew up a namelist for the new Central Military Commission, which was adopted by the "fifth plenary session" following discussion. Deng said the Army is to be led by the party, that it should be an army under party leadership, and from here it was only reasonable that the general secretary take over the chairmanship of the Military Commission. On the other hand, if Yang Shangkun, who is about the same age as Deng, had taken over the chairmanship, then Deng's "retirement" would not have had much significance. Yang Shangkun is even 1 year older than Li Xiannian and, though still strong in body and mind, is, after all, an old man. The fact that Yang Shangkun did not retire from the present Military Commission composition was due to Deng's consideration of the importance of stabilizing the Army and the possible ill-effects of too drastic a reshuffle. Moreover, Yang Shangkun had the task of handing over the practical work and leading powers to Jiang Zemin. At present Vice Chairman of the Military Commission Liu Huaqing and General Secretary Yang Baibing are responsible for day-to-day affairs. According to sources, when Yang Baibing was named, Yang Shangkun was against the nomination, but finally Deng Xiaoping convinced Yang and clinched the settlement with the reasoning that "as long as the candidate is capable then there is nothing wrong even if he happens to be a relative."

There is no doubt that one of the important purposes of Deng Xiaoping's complete retirement is to assist the authoritativeness of the third generation of the leadership core. Therefore, he said himself that his "final role is to take the lead to establish a retirement system."

#### Guidance Cannot Become a System

In 1988, Deng Xiaoping proposed that the authoritativeness of the CPC Central Committee must be strengthened. He thought that Chen Yun's criticism on the situation of "too many dukes discussing but not deciding, or deciding but not executing, and each having

its own government" was a correct one. Therefore Deng repeatedly stressed that there should be no sectarianism or cliquism.

In order to let Jiang Zemin and others make their own decisions, Deng Xiaoping said: In the past, the CPC Central Committee entrusted me with a duty; that is, as they said, the CPC Central Committee or the Standing Committee of the CPC Central Committee needs a guardian, but this formula is not effective and we should not advocate it. No matter what, it cannot become a system. To conclude, from now on I will not interfere in the work of the CPC Central Committee, except with that which concerns me. Let the new Central Committee, and in particular the Political Bureau and the Standing Committee of the Political Bureau, think and work independently according to self-determination; even if it makes mistakes, let it sum up experience itself. The influence of people like us will slowly disappear, and it is better that it does disappear!

#### The Mainstay and the New Thinking

It is a matter of fact that Gorbachev's political "new thinking" has promoted the tide of democratic reform not only in the Soviet Union but also in the socialist countries of Eastern Europe. What draws more attention is that it directly leads to the negation of the leading position of the communist party and to the idea of criticizing the socialist system. After Poland had Solidarity controlling political power, Czechoslovakia, Bulgaria, and East Germany have announced the abolition of the one-party dictatorship, and the Communist Party in Hungary has even changed to the Hungarian Socialist Party. This trend is spreading and expanding.

The CPC sent Yao Yilin and Qiao Shi, members of the Standing Committee of the Political Bureau, to visit East Germany, Romania, and Bulgaria with the purpose of increasing understanding and coordinating action. However, since the Berlin Wall was opened, the "East European unrest" has become something that cannot be checked. By the end of 1989, when Ceausescu and his wife were sentenced to death by a court martial of the Romanian Salvation Front, the movement of negating the leadership position of the communist party in the whole of Eastern Europe was almost completed.

In Eastern Europe, this transformation, which once started cannot be reversed, has the open support and encouragement of Gorbachev. Gorbachev once said that the "multiparty system" would not be practiced in the Soviet Union. But at the Second People's Congress recently convened, Boris Yeltsin and others of the opposition party proposed the cancellation of Article 6 of the Constitution—the article stipulating the leadership position of the Communist Party. Even though their proposal was vetoed, Gorbachev said that when Lenin was alive, the first Constitution of the Soviet Union did not mention the leadership position of the Bolshevik Party. Therefore, "Article 6" is not something which cannot be discussed, and now the Soviet Union does not plan to

rigidly uphold this article, but for the time being the article should not be rashly canceled. As reported, the enlarged meeting of the Central Committee of the CPSU, which will be convened in January, will discuss this problem.

Gorbachev has given an explicit explanation of the famous "new thinking":

"In politics, staunchly follow the principle of freedom of choice; in economy and technology, follow the principle of mutual benefit; in the spiritual and ideological domain, follow the principle of dialogue; and follow the principle of exploring and utilizing all the things that should be explored and utilized as appropriate to one's own conditions and advancement." Gorbachev continued: "The new thinking is a contribution to establishing an order of values for the whole of mankind."

Not only have these words caused objections in the Soviet Union, but they also caused different opinions in other communist countries. Song Ping, member of the Standing Committee of the CPC Political Bureau, said on one occasion that China must prepare to be the mainstay of socialism.

#### **The CPC Has No Intention of Making Gestures**

Gorbachev said: "Now the socialist countries have become the focus of world attention. One after another, the socialist countries which have embarked upon the road of basic change have passed the point of no return."

The CPC authorities have watched closely the development of the situation in Eastern Europe with a prudent attitude. At present, those in power admit that there have been some historical changes in the East European countries, including Romania, and say that there are internal as well as external reasons for these changes. Because the situation is changing, it is difficult at present to reach a conclusion. At the same time, they say they respect the choice of the people in the various countries in Eastern Europe; this respect is the way they deal with international relations.

This seems to indicate that the CPC has no intention of making gestures or comments between party and party, or between state and state.

#### **The Period of Attacking Fortifications for Rectification and Improvement**

If we say that in the new year the CPC will adopt a new posture in its foreign affairs and struggle for breakthroughs such as resuming relations with Indonesia, then in its domestic affairs it can be called the period of "attacking fortifications" for rectification and improvement.

In 1989, Mainland China scored a bumper grain harvest surpassing 400 million tons for the second time in history. In November, total industrial output value increased by 1 percent over the same period last year, changing the trend of a slide in the previous 2 months. In

the same month, exports through customs increased by 20 percent, while imports decreased by 10 percent; according to estimates, the total volume of imports and exports will again surpass \$100 billion. Although the economic situation is improving, some factors contributing to inflation have not been eradicated, and some deep problems influencing economic stability have not been completely solved. For example, the problem of recession in the market after the curbing of demand, and the total retail amount of social commodities continuing to drop by close to 1 percent in November as a result; the problem of increased unemployment after some capital construction was halted or slowed down; and the problem of the difficulty in invigorating the micro-economy after macrocontrol and macroregulation were strengthened, not to mention the approaching peak period for repaying foreign debts. As reported, the biggest economic difficulty is the financial income of the central authorities.

#### **The Main Task of Rectification and Improvement in 1990 Has Been Fixed**

At the national work meeting on planning convened in mid-December, the main task of rectification and improvement in 1990 has been decided as rectifying the economic order and improving economic returns. Regarding agriculture, the task is striving hard to stop the situation of long-term stagnation as soon as possible and struggling for new breakthroughs.

However, the pace of economic arrangement emphasizes stable and coordinated development. The growth rate of gross national product is fixed at 5 percent; comprising 4 percent for agriculture and 6 percent for industry. The estimated deficit of the financial budget has decreased compared with last year. The general price level will be continuously controlled, but because the past measures of raising prices will have an impact on the new year, plus the increases in prices of crude oil and rail transport, the general level of price rises will still hit a double-digit percentage. The emphasis on reducing investment in capital construction rests on adjusting the structure of investment; that is, reducing general investment, but strengthening investment in agriculture, petroleum, coal, and railroads. The key point is to protect the production of state-run large and medium-sized enterprises.

Regarding the contracting system of responsibility linked to production for rural households, the enterprises' contracted responsibility system, the local system of contracted responsibility for finance, the introduction of foreign capital and advanced technologies, the joint venture enterprises, and the policy on reform and opening up, they will be continued on the basis of perfection.

#### **Four Goals Must Be Achieved This Year**

The State Taxation Bureau, which collected 6 billion yuan more in taxes than planned, will further adhere to a strict system of collection and management of taxes this year. It will carry out rectification and improvement

in the collection of taxes aimed at false collective enterprises, false school-run enterprises, false civil administration (welfare) enterprises, false "young intellectual" enterprises, and false newly established enterprises. Through perfecting the system of collecting and managing taxes from individual operators, the behavior of evasion of taxes will be resolutely stopped.

To conclude, the arrangement made by the CPC emphasizes four goals: An inflation rate lower than last year's; and a financial deficit, scale of loans, and issuance of currency less than last year's.

### **CPC Speeds Development of New Leadership**

*HK1601083090 Hong Kong KUANG CHIAO CHING in Chinese No 208, 16 Jan 90 pp 6-9*

[Article by Chou Jung (0719 2837): "The CPC Is Speeding Up the Establishment of the Jiang Zemin System"]

[Text] **Deng Xiaoping called for maintaining the current political situation and line of reform and opening up, and consolidating the core of leadership of the "third generation."**

Personnel changes will continue at the top central and local levels. Xie Wenqing, former deputy minister of radio, film, and television, has been punished. The China Federation of Literary and Art Circles and the Chinese Writers' Association have been reorganized. Lin Mohan has assumed the office of party group secretary of the China Federation of Literary and Art Circles. Former leaders of the party group Li Ying and Wu Zuqiang have been removed from office. Tang Dacheng and Feng Muxie, secretary and deputy secretary of the Chinese Writers' Association, have been removed from office and replaced by Ma Feng and Ma Laqin. The work group led by standing committee member of the Central Advisory Commission Duan Junyi has entered XINHUA NEWS AGENCY.

### **The CPC Adopts a Series of Preventive Measures**

The major climate of the world has exerted influence over China. The top CPC levels have followed with interest over the tide of Eastern Europe. The CPC has maintained an attitude of calm observance, relaxation externally, and tight internally. Externally, the CPC has declared that events in Eastern Europe are the internal affairs of the countries concerned. Internally, the CPC attempts to check the erroneous ideas and hidden peril at the outset, prohibit illegal strike and demonstrations, guard against subversion and infiltration by anti-Chinese foreign forces, and attach great importance to unity of the top levels. Deng Xiaoping said that stability is an overriding task at the moment. China must continue its reform and opening up, develop the economy, and run a clean administration. As China's conditions differ greatly from those of Eastern Europe and China's revolutionary experience, army, and mass basis differ

from Eastern Europe and the Soviet Union. It is estimated that the changes in Eastern Europe will produce an impact though they will not create confusion within the CPC. For this reason, the CPC has adopted a series of preventive measures.

By the end of December 1989, the CPC held meetings successively to discuss the situation in Eastern Europe. The CPC "upheld the socialist road" to meet the challenge of the "Eastern European unrest." In his New Year speech delivered on 1 January 1990, General Secretary Jiang Zemin repeatedly stressed that "it is a primary task to maintain social stability; only with social stability can we concentrate our energy to do well work in all fields." Jiang Zemin also told guests from Hong Kong: "We do not intend to export revolution, and will also not allow others to change our course."

### **The CPC Attaches Great Importance to Unity of Leadership**

The main objective of the CPC at the current stage is to maintain stability of the situation and develop the economy. According to the CPC, no forces will be capable of destroying China so long as the leadership is united as one. While meeting with the figures of various democratic parties on New Year's Day, Jiang Zemin appeared with other 5 standing committee members of the Political Bureau to indicate unity of the leadership.

Deng Xiaoping said: It seems that international and domestic opinions of the activities of the new leading body elected by our plenary session have at least been calm. The leading body is stable and has not evoked any cynical remarks. China must have a collective leadership with the image of reform and opening up. Please take particular note of this and never try to forsake reform and opening up.

Deng Xiaoping expected the new CPC leading body to cooperate in unity and uphold the line of reform he introduced 10 years ago. Deng said: The new leadership should set an example in unity, cooperation, and reassuring the public; thinking independently; and carrying out reform and opening up. Under the "major climate" of improving the economic environment and rectifying the economic order, however, the time for introducing the specific measures of political structural reform will probably have to be postponed.

### **Establish Collective Leadership and Authority of Policy-Decisions; Deng Xiaoping Said: "I Will Applaud When Jiang Zemin Can Have the Final Say."**

After establishing the CPC leadership of the third generation with Jiang Zemin as its head, Deng Xiaoping immediately made arrangements to withdraw himself from the policy decision center and to "totally retire." On the one hand, Deng stressed establishing the leadership authority of the Jiang Zemin system. On the other hand, he wished he could personally witness attainment of the second stage development strategy—the target of



"quadrupling." Undoubtedly, his intention is to maintain the current political situation and established line and to consolidate the leadership system of the third generation. For this reason, Deng stressed that the key lies in collective leadership. Deng said: In the past every word of Chairman Mao counted. Over the past decade, I had the final say on most of the cases. As our new leaders do not yet have this condition, collective leadership will be necessary. I will applaud at the time when Jiang Zemin can have the final say.

In the more than 6 months since Jiang Zemin assumed the office of CPC general secretary, he has never slackened his efforts to "uphold the four cardinal principles" in political principles, party building, organizational cadre line, culture and education, ideological theories, and press and publication. Li Ruihuan, standing committee member of the Political Bureau, introduced drastic personal changes from the Propaganda Department, Ministry of Culture, and Press and Publication Bureau to RENMIN RIBAO and other newspapers when he replaced Hu Qili and assumed head of the Central Propaganda and Ideological Work Leading Group. It has been reported that there will be further personal changes in the Ministry of Radio, Film, and Television apart from punishing former deputy minister Xie Wenqing. Minister Ai Zhisheng openly acknowledged that "liberalization" ran wild in the production of films and television series. The China Federation of Literary and Art Circles and the Chinese Writers' Association also underwent reorganization recently. Lin Mohan assumed the office of party group secretary of the China Federation of Literary and Art Circles. Former leaders Li Ying and Wu Zuqiang of the party group were removed from office. Ma Feng and Ma Laqin, replacing Tang Dacheng and Feng Mu, respectively assumed the offices of secretary and deputy secretary of the Chinese Writers' Association. The work group led by standing committee member of the Central Advisory Commission Duan Junyi has entered XINHUA NEWS AGENCY.

With the ongoing reregistration of party members in the first half of this year, it is believed that a number of party members regarded as "aliens" and "degenerates" will be expelled from the party or punished.

It should be noted that the 6 standing committee members of the current Political Bureau hold a consensus view that the "upholding of the four cardinal principles" should be enhanced in the ideological and political line.

#### **Yang Shangkun Will Assume Office of the State Military Commission**

Two months later, that is, in late March 1990, the Second Session of the Seventh National People's Congress [NPC] and the People's Political Consultative Conference will be held in Beijing. The sessions will focus on Deng Xiaoping's resignation from the office of chairman of the State's Military Commission and Zhao Ziyang's removal from the post of vice chairman of the State's Military Commission. People are also interested

in who will succeed Deng and assume the state's supreme military position. Generally speaking, it is rational for President Yang Shangkun to take up the office.

It should be noted that when Deng Xiaoping resigned from his last post within the party at the 5th Session of the 13th CPC Central Committee, he proposed implementing a cadre retirement system and no longer having the Central Advisory Commission beginning from the next party congress. As a result, the CPC veterans will withdraw from the stage, one after another and will no longer meddle in the work of the new leading body. "We should let the new CPC Central Committee, the Political Bureau and its Standing Committee in particular, think and work independently. Even when they make mistakes, they should sum up experience themselves." Deng said.

Yang Shangkun, who is two years younger than Deng Xiaoping, also intended to resign at the 5th Plenary Session of the 13th CPC Central Committee because he was already over 80. In consideration of stabilizing the Army and not effecting too many changes, Deng Xiaoping proposed that "Shangkun should not resign this term." Since Yang Shangkun returned from his trip to the Middle East, the number of his appearance in public has decreased. At the critical moment when economic improvement and rectification reached a difficult stage of "storming fortifications" and when it was necessary to strengthen macrocontrol and increase the proportion of central planning, the fact that Zou Jiahua took up the office of minister of the State Planning Commission, formerly held concurrently by vice premier Yao Yilin gives us much food for thought. What does this personnel change indicate and what further reshuffle will be made in the future? This is a question of common concern.

It was general practice in the 40 years of CPC administration that a standing committee member of the Political Bureau is in charge of the State Council work. This system was maintained until the 13th Party Congress. Li Peng and Yao Yilin have jointly run administration for more than two years. We can judge whether they are experienced or not from administration by the leaders of the third generation. Yao Yilin has entered the 1990's by resigning from a central functional department of the government. The further changes in central authorities and local governments are bound to attract the attention of the media at home and abroad.

#### **Jiang Zemin Elected People's Congress Delegate Through By-Election in Shanghai**

Jiang Zemin, who is not a delegate to the Seventh NPC, has recently been elected a delegate through by-election in Shanghai. This is regarded as an exceptional move of the CPC. The seat of NPC delegate for a CPC chairman or general secretary is usually in Beijing. This was the case when Hua Guofeng, Hu Yaobang, and Zhao Ziyang assumed office. Following Hu Yaobang's resignation, his status as NPC delegate was transferred to the Sichuan

group. Although Zhao Ziyang has been removed from office, he is still a NPC delegate of the Beijing group. The public will follow with attention whether Zhao Ziyang and Deng Xiaoping will attend the NPC Congress held this spring.

#### **Stabilize the Economy and Handle the Difficult Problems**

In the new year, the CPC has laid down a steady economic target: National income should increase by 5 percent in 1990; industrial output, up 6 percent; and agricultural output value, up 4 percent. As economic improvement and rectification has reached the stage of "storming fortifications," the CPC has stressed readjusting the industrial setup. On the one hand, it is necessary to continue to curtail the scope of investment; and on the other hand, investment should be increased in agriculture, petroleum, coal, railway, and other basic industries. To rationally readjust the investment setup, building taxes will be abolished while regulative taxes will be levied for investment.

Meanwhile, prices will be controlled and credit and currency will be reduced to keep the rate of inflation lower than the previous year. The price index which rose 18 percent in 1989 will be kept within 14 and 16 percent in 1990. The budgetary deficit is under 10 billion yuan, much lower than the previous year. The key lies in practicing economy, tapping potentials, and attaining better economic results.

According to an analysis of the current economic situation, there are difficult problems in the following three fields:

First, financial difficulty. As China's debt repayment has reached the peak this year, the repayment of domestic and foreign debt totaling over 10 billion yuan of principle and interests will restrict the capacity of capital transfer. Moreover, there are subsidies for raising the purchase price of some farm and sideline products and the expenses for increasing workers' wages. In view of this, the CPC has decided to regain part of the powers delegated to the lower levels and increase the proportion of central revenue. Regarding domestic debt, no principle and interests will be temporarily paid for the bonds purchased by state organs and enterprises.

Second, decline in production caused by the weak market. Manufacturers are worried about the sales on the mainland market since the winter of 1989. Commodity overstock has reached a grave extent. In November 1989, retail sales dropped 1 percent or a decrease of 8 percent after deducting the factor of price hikes. It is estimated that the annual profits of state-owned enterprises dropped 17 percent and the number of enterprises suffering deficits increased by 200 percent. After delivery of goods, a number of enterprises could not collect their money. Enterprises vied with one another to possess capital, resulting in "triangle debt" and suspension of production. Similar "triangle debt" in Liaoning and Shandong exceeded 4 billion yuan. In the

Shenyang Cable Plant, the largest one in China, production of 70 to 80 percent of the workshops suspended because of a lack of circulating capital. The plant also had to pay 20 million yuan of profits and taxes every month. The Anshan Iron and Steel Company, which had hundreds of thousands of staff members and workers, did not even have the money to pay the wages. The stock of washed coal required for the blast furnace was enough for only two days. Once the blast furnace extinguishes, the consequences would be too ghastly to contemplate. Li Huazhong, general manager of Anshan Iron and Steel Plant, begged the workers for help. Unexpectedly, the company mustered tens of millions of yuan, which eased their pressing need. Because of the emergent situation of large enterprises, the CPC authorities allocated 120 billion yuan of "starting capital" in the fourth quarter of 1989 to help large and medium size state enterprises to maintain production.

It seems that blind pursuit of a tightening policy is not a good plan. The key lies in moderate tension and relaxation, invigorating enterprises, tapping potentials, and handling affairs in light of economic laws.

Third, the increase in people waiting for jobs resulted from curtailing the scope of investment. According to the Ministry of Labor, the number of people awaiting for jobs will reach a peak this year. In 1989, the figure rose to 3.5 percent, exceeding the 2 percent level of the previous 5 years. Unless measures are adopted this year, the figure may reach 5 percent, outstripping the warning line of 4 percent.

The CPC authorities insist that overall arrangement should be made for urban and rural labor and to resolve the question of surplus rural labor and people awaiting for jobs in urban areas. Meanwhile, it is necessary to control advanced employment to meet the needs of improvement and rectification and to maintain social order.

#### **Circular on Study of Administrative Procedure**

*OW1501155590 Beijing XINHUA in English  
1502 GMT 15 Jan 90*

[Text] Beijing, January 15 (XINHUA)—The State Council, China's highest governing body, has issued a circular urging local authorities to study the administrative procedure law, which was adopted on April 4, 1989 and is to come into force as of October 1, 1990.

The law codifies the procedures for common people to sue officials and the government.

According to the law, a citizen, a legal person or organization, considering his or its legal rights and interests to have been infringed upon by a specific administrative act of an administrative organ or its personnel, has the right to bring a suit before a people's court.



The circular urged various local people's governments and different departments under the State Council to study the law before October 1.

The implementation of the administrative procedure law is an important step in the construction of a socialist political democracy in the country, the circular said, adding that it also symbolizes that administrative organs will accept a wider range of judicial supervision.

### Leaders Bid Farewell to Deceased Painter

OW2312065289 Beijing XINHUA Domestic Service  
in Chinese 1302 GMT 22 Dec 89

[By reporter Yin Hongzhu (1438 7703 4376) and correspondent Ren Yuying (0117 1946 4481)]

[Excerpts] Beijing, 22 Dec (XINHUA)—Some 700 people from various circles in the capital defied snow and gathered at the auditorium of the Babaoshan Cemetery of Revolutionaries to express their profound mourning for Mr Li Keran, a great Chinese painter of his generation, outstanding people's teacher of arts, and exemplary representative of the cultural circle. [passage omitted]

Mr Li Keran's remains laid in state amidst flowers and covered with a bright red flag. This was his last wish in order for him to show his utter devotion to the motherland, its people, and arts.

Accompanied by mourning music, leading Comrades Wan Li, Qiao Shi, Yao Yilin, Li Ruihuan, Wang Zhen, Chen Xilian, Huang Hua, Fang Yi, Gu Mu, Kang Keqing, Cheng Siyuan, and Wang Feng bid farewell to the artist, who made tremendous contributions to China's art.

Wreaths were sent from Li Peng, Li Xiannian, Peng Zhen, Deng Yingchao, Xu Xiangqian, Nie Rongzhen, Li Tieying, Wu Xueqian, Song Renqiong, Wu Xiuquan, Li Desheng, Yang Dezhi, Xiao Ke, Zhang Aiping, Lu Dingyi, Hu Qiaomu, Duan Junyi, Xi Zhongxun, Ngapoi Ngawang Jigme, Sun Qimeng, Lei Jieqiong, Zhou Peiyuan, Zhao Puchu, Qian Weichang, Ismail Amat, Chu Tunan, and Yang Chengwu.

Wreaths also were sent from the National Committee of the Chinese People's Political Consultative Conference, the United Front Work and the Propaganda Departments of the CPC Central Committee, the Culture Ministry, the Personnel Ministry, the Beijing Municipal CPC Committee, the municipal government, XINHUA News Agency, the China Federation of Literary and Art Circles, the Chinese Artists Association, the China International Cultural Exchange Center, the Xuzhou City CPC Committee, and the Xuzhou City Government. [passage omitted]

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HK1701060190 Beijing RENMIN RIBAO in Chinese  
15 Jan 90 p 8

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### Economic & Agricultural

#### Austerity Program Tightens Loan Funds

HK1501021290 Beijing CHINA DAILY in English  
15 Jan 90 p 1

[By staff reporter Wang Xiangwei]

[Text] China's central bank chief Li Guixian's tight money message was echoed by governors of the country's major specialized banks who vowed yesterday to "toe the line."

The Bank of China (BOC), the country's major bank dealing in foreign exchange, will continue to keep a tight reign over both its renminbi and foreign currency loans.

Wang Deyan, BOC's governor, told branch directors in Beijing that the institution should further adjust its loan structure adding greater emphasis to exports and infrastructure projects, and increasing deposits to expand the bank's sources of credit.

He said the bank will reduce loans in foreign currency as the bank starts servicing its foreign debts.

Last year, the bank issued foreign currency loans worth \$8.8 billion, raising the bank's total foreign currency loans to \$19.3 billion.

Wang also asked the branch directors to make special arrangements this year for issuing both renmenbi and foreign currency loans to foreign-funded enterprises.

"All the branches should pay due attention to this work and actively support the development of foreign-funded enterprises," Wang said.

Wang also called for using every available means to attract foreign funds.

However, Wang said that this year will be a tough one for the bank because it is facing enormous difficulties in raising money abroad and increasing its deposits. And to complicate matters further, the demand for foreign currency loans will be greater just as it enters its peak foreign debt servicing period.

However, Wang said the bank made marked results last year in increasing its deposits, controlling its loans, and adjusting its loan structure.

#### **Li Guixian Stresses Tight Money Policy in 1990**

*OW1401225490 Beijing XINHUA Domestic Service in Chinese 1523 GMT 12 Jan 90*

["Local Broadcast News Service"]

[Text] Beijing, 12 Jan (XINHUA)—Li Guixian, state councillor and concurrently governor of the People's Bank of China, stressed here today that although the tight money policy has brought difficulties to certain departments and enterprises, their difficulties are only temporary. He stressed that we must not waver in our determination to pursue a tight money policy; otherwise, our previous efforts in improving the economic environment and rectifying economic order will be wasted.

Reviewing the work of the past year at a meeting of branch managers of banking institutions from across the country here today, Li Guixian said: Our country's banking work has produced some results during the past year, and the total amount of money supply and credit loans has been brought under control.

Li Guixian pointed out: The banking situation in 1989 shows that the tight money and credit policy adopted by the Central Committee and the State Council is entirely correct and that the series of policy measures taken by the banks to firmly implement this policy are also effective. The measures taken have played an active role in easing the contradictions between the total demand and supply in society, promoting a steady economic growth, and curbing inflation. They have created a more favorable banking environment for the drive to improve the economic environment and rectify economic order.

At the same time, Li Guixian also admitted that some mistakes were made in banking work last year. He said: We did not have sound mechanisms and measures in our banking system to macroscopically regulate and control the economy. In addition, our economic situation was quite complex. Furthermore, the banks lacked flexibility in regulating credit in a timely manner. These factors have brought some difficulties to the localities, departments, and urban and rural enterprises. Li Guixian stressed that banks should seriously draw a lesson from the problems that occurred last year and take steps to improve their work. However, he also emphasized that the difficulties encountered by various localities, departments, and enterprises are temporary and that we must not waver in our determination to pursue a tight money policy.

In analyzing the present banking situation, Li Guixian pointed out: The current banking situation is still grim. First, the demands for credit and funds from all sectors are expected to be quite large this year, and yet the sources of bank credit and funds may decrease. This means difficulties in our efforts to balance the revenues and expenditures in credit. Second, at present the economic efficiency of many enterprises is low. Because they themselves cannot accumulate enough capital, they must depend mainly on bank loans. This will increase the burden on bank credit. Third, enterprises use too much capital inefficiently. Their capital turnover is low, and they are behind in payment among themselves. At the same time, there are many bad and overdue bank loans, preventing quick capital turnover and flow and making it difficult to raise capital efficiency.

Li Guixian stressed: In light of the banking situation and the goals set for this year, banking institutions must continue the policy of controlling the total amount of money supply and credit, readjusting loan structures to guarantee the construction of key projects and reduce the construction of general projects, exercising regulation on a timely basis, and raising capital efficiency. They must make particular efforts to focus their work on readjusting the credit structure, speeding up capital turnover, and carrying out timely regulation. At the same time, they should take serious steps to rectify the banking order and take firm steps to stop and correct all kinds of violations of law and discipline in credit, savings, account settlement, and other business activities and in the process of competition. Li Guixian announced: Private and underground banks must be banned without exception. At the same time, the upper limit of the interest rate for circulating funds will be reduced from 30 percent to 20 percent, the added interest on overdue bank loans will be lowered from 30 percent to 20 percent, the added interest on idle funds will be cut from 50 percent to 30 percent, and the penalty interest on diverted funds will be down from 100 percent to 50 percent.

### Central Bank Announces Savings Subsidiary Rate

OW1901104890 Beijing XINHUA in English  
1035 GMT 19 Jan 90

[Text] Beijing, January 19 (XINHUA)—The People's Bank of China has announced a 1.46 percent subsidiary rate for savings deposits linked to the price rise index from February this year.

The subsidiary rate is based on the general index of social commodity retail and service prices provided by the State Statistics Bureau.

Savings deposits with terms of three, five and eight years due in February will be subsidized according to the announced rate.

### Central Bank To Expand Overseas Business

OW1301140790 Beijing XINHUA in English  
1229 GMT 13 Jan 90

[Text] Beijing, January 13 (XINHUA)—The Bank of China (BOC), which manages the state foreign currency reserve and is responsible for raising foreign funds, is steadily expanding its international business, a bank official said today.

Wang Deyan, president of the BOC, told a national banking conference here that the BOC has to date established 318 branches or offices in 12 countries and regions worldwide.

By the end of 1989, the bank's deposit surplus in foreign currency had reached 17.737 billion U.S. dollars, 1.9 billion more than in the previous year, Wang disclosed.

As China has entered a peak period of repayment of foreign debts, the domestic demand for foreign currency has become stronger, Wang said.

To ensure the state's repayment ability, Wang said, it is necessary for the BOC to develop its overseas business, strengthen market analysis and use more flexible means to manage funds.

He said that last year the BOC handled a total volume of 110 billion U.S. dollars in foreign currency and securities, and raised 2.6 billion U.S. dollars-worth of foreign funds to aid domestic construction.

The BOC has also improved relations with its counterparts in the Soviet Union and Eastern Europe. New agreements on settling bilateral local trade issues have been signed.

Meanwhile, the business volume of non-trade settlements has been on the rise, reaching 50.5 billion U.S. dollars-worth last year, a 15 percent increase compared to the previous year.

The BOC has also provided loans to domestic export-oriented enterprises to promote their production, Wang said. A total of 8.76 billion U.S. dollars-worth of loans

was given to the state's major projects and export-oriented enterprises last year, he revealed.

### Industrial Bank Gives Priority to Enterprises

OW1301140890 Beijing XINHUA in English  
1305 GMT 13 Jan 90

[Text] Beijing, January 13 (XINHUA)—A senior banking official pledged today that state-run industrial and commercial enterprises of large and medium size would be given priority in loans this year, though his bank's total scale of credits will be cut to some extent.

Zhang Xiao, president of the Industrial and Commercial Bank of China (ICBC), said at a conference of directors of branch banks here that 80 percent of the bank's new credit loans this year would go to key industries, projects and products, in line with the government's industrial and financial policy.

The ICBC is one of the state's largest specialized banks, focusing on industrial and commercial loans and deposits.

Zhang said that loan priority will be given to the production of fertilizer, pesticide and agricultural machinery, and the energy, transportation and raw materials industries, as well as special items of transport means purchase.

Production of major staples such as grain, edible oil, pigs and sugar will also be financially backed, Zhang said.

The president said that last year the ICBC provided 77.8 billion yuan in loans, of which 81 percent went to state-run industries, state commercial institutions, national supply and sale of materials, and grain production.

Meanwhile, the ICBC's deposit volume saw an increase of 56.6 billion yuan.

The bank also helped thousands of enterprises avoid payment defaults. The total sum handled by the ICBC reached 58.9 billion yuan last year.

### Prospects for 1990 Domestic, Foreign Trade Dim

HK1501031790 Hong Kong SOUTH CHINA  
MORNING POST (BUSINESS POST) in English 15  
Jan 90 p 19

[By David Chen]

[Text] The outlook for China's domestic and foreign trade in 1990 remains bleak despite some optimistic assessments in the wake of a more relaxed atmosphere and the prospects of resumption of international loans, according to observers.

Some reports said the domestic market for durable goods, including electrical appliances such as video recorders and television sets, was beginning to show signs of revival as price drops appeared to have reached



rock-bottom. Several companies in Shanghai reported that accumulated stocks of Golden Star colour television sets had been all but sold out.

A series of commercial measures have also helped to stabilise the sharp fluctuations that were once prevalent, and it was generally expected that prices would not fall any further due to a number of factors—including the devaluation of the renminbi, stringent control of foreign exchange, and limits on enterprises from excessive borrowing both domestically and from abroad.

However, observers doubted whether the measure to tighten borrowing would have any salutary effect.

Mr Wang Deyan, president of the Bank of China, indicated last week that growing domestic demand for foreign currency and the fact that China had entered a peak period for repayment of foreign debts have made the measure necessary as the country expected an even more acute strain between foreign currency supply and demand.

The admission was coupled with the announcement that the bank would continue to give preferential treatment to foreign-funded enterprises in using both renminbi and foreign exchange.

While these measures are deemed necessary, they will not help tottering industry, and with the purchase potential of the populace remaining high—one report says bank deposits and cash at hand stood at a staggering 650 billion yuan (about HK\$1.365 trillion), equivalent to nine months' retail sales throughout the nation—the nation could face another round of inflation.

Analysts also said the rumoured second devaluation of the renminbi by 10 to 15 percent would not be enough to alleviate the situation. A more effective solution for the current crisis would be a devaluation of another 22 percent.

But this would also greatly affect industries which depend on the import of raw materials from abroad while they are being denied further state subsidies.

It appeared that China continued to wallow in stagnation with few satisfactory solutions in sight, observers said.

### **Luo Gan Discusses Streamlining of Companies**

*OW1801220590 Beijing XINHUA Domestic Service  
in Chinese 0715 GMT 18 Jan 90*

[By reporter Chen Yi (7115 5669)]

[Text] Beijing, 18 Jan (XINHUA)—Luo Gan, secretary general of the State Council and deputy head of the national leading group in charge of screening and streamlining companies, recently invited responsible persons of the seven company screening and streamlining inspection teams formed by deputies of the National People's Congress [NPC], members of the Chinese People's Political Consultative Conference

[CPPCC], and representatives of the various democratic parties, to a meeting in Zhongnanhai in order to hear their opinions and suggestions on screening and streamlining companies and to discuss plans for next stage of work. The meeting lasted 2 and a half days.

Sending inspection teams to central state organs and some provinces under the name of the national leading group in charge of screening and streamlining companies constitutes an important measure aimed at subjecting them to public supervision and promoting company screening and streamlining work. In more than 2 months the inspection teams, following the six-character principles for company screening and streamlining work, that is, "supervision and advice, investigation, and guidance," inspected 32 departments of central state organs and the four provinces of Jiangsu, Hubei, Shaanxi, and Jilin.

Although progress has been uneven in various areas and departments, comrades of the inspection teams were unanimous in their overall assessment of the present state of company screening and streamlining. They said that from the time when the Central Committee and the State Council issued their "Decision on Screening and Streamlining Companies" in 1988 to August 1989 can be regarded as a stage. The work done during this period was superficial because it assumed the form of a general call. After the 4th plenary session of the 11th party Central Committee was held and after the Central Committee and the State Council issued their "Decision on Further Screening and Streamlining Companies," the work entered a new stage. With great determination, the Central Committee and the State Council strengthened their leadership, formulated a series of supporting policies, and adopted many measures. A number of provinces and cities also issued specific provisions in line with the reality of their areas. Some results have been scored now because a number of companies were dismantled and a number of cases were investigated. It can be said that actual action was taken. However, the achievements of this stage must not be overestimated. It is necessary to note that they are still far from meeting the Central Committee's requirements and people's expectations.

Comrades of the inspection teams pointed out that it is necessary to raise their understanding of the company screening and streamlining work. CPPCC member Li Xuezhi said that up to now, some localities and departments still regard the work of screening and streamlining companies as an attempt in which "you want to screen me" and "I don't want to be screened." CPPCC member Zhang Ting said that the important issue is to prevent the work from being regarded as a mere formality and also to prevent procrastination. What I mean by racing against time is that some units have attempted to complete the work before the end of March in a perfunctory way. What I mean by procrastination is that some units have either tried to resist or avert screening and streamlining in an attempt to procrastinate until the end of March has passed. These two situations merit attention.

CPPCC member Pu Tongxiu said that it is necessary to sufficiently understand the complexity and difficulty of company screening and streamlining, because the complexity not only lies in the "interest pattern" but is also reflected in the relationships between central and local authorities, between regions and departments, between party and government, between Army and civilians, between China and foreign countries, between higher and lower levels, and between old and young. A still deeper complexity involves the question of structural reform.

Dismantling and merging companies should not be done reflecting a certain quota. It should be conducted according to standards. This also has been a comparatively unanimous view of the inspection teams. CPPCC member Chen Yu said that dismantling and merging companies is not a question of dismantling so many companies according to a certain ratio. It is necessary to solve the question of ideological guidance. The Ministry of Agriculture is clear about this. It will try to dismantle any that is not favorable to the development of agriculture, but most of the departments have been reluctant to dismantle companies which may yield them some gains. Nobody likes to lose a piece of good meat.

The inspection teams have shown the greatest concern for the investigation and handling of cases, particularly important or major ones. They expressed their dissatisfaction with the progress of the investigations and handling of cases, noting that breakthroughs must be made in investigating and handling major cases. Otherwise, it will be impossible to tell the people what has happened. CPPCC member Deng Jiatai said that in investigating major cases, it is not only necessary to investigate the case, but also necessary to investigate the people involved. For example, the Donghu Company in Hubei Province was only fined a sum of money for causing the loss of over 4 million yuan. It was reported that the case involved a son-in-law of the chairman of the provincial People's Congress and a son of the chairman of the provincial Association of Science and Technology. CPPCC member Yang Keng said that when Jilin Province was investigating a former deputy provincial-level cadre for running a company, a department concerned transferred him and his wife to Beijing to enjoy their old age there. The inspection teams noted that the main resistance against the investigation and handling of major cases comes from leadership of different levels. CPPCC member Pu Tongxiu said that up to now major cases have not yet been exposed. Those that have been exposed have not yet been thoroughly investigated. There has been little crime-reporting within government organs because the masses have not been fully mobilized. There is no need to talk much about principles in mobilizing the masses. What is needed is real action.

Comrades of the inspection teams also made many policy suggestions and truly reported the problems existing in various localities and departments. Practice shows that sending inspection teams is a worthy method. Deng Jiatai said that sending inspection teams is very

necessary, because they have played a role in promoting company screening and streamlining work. Originally, only a dozen of the more than 270 companies belonging to organs directly under the Hubei provincial authorities were dismantled, but when we arrived there, they decided to dismantle 60 more. CPPCC member Yao Jun said that participation in the inspection teams by the various democratic parties shows that they are taking part in the affairs of state. When we went down there, everyone knew that we had no power nor connections. However, since we could report problems, the people there told us the truth and so we were able to understand many true circumstances.

According to a source, most members of the seven inspection teams are veteran comrades who have work experience and are advanced in age. They have worked hard with a high sense of political responsibility and regarded hardships as nothing.

Secretary General Luo Gan repeatedly thanked the comrades of the inspection teams on behalf of the State Council and the national leading group in charge of screening and streamlining companies. Luo Gan said: You have made many good suggestions. We will study them carefully and adopt measures for solutions. He told them that the State Council, having conducted a study recently, has decided to make company screening and streamlining an important task this year. It has also planned to make public the results of some cases, including major ones, before the arrival of the Spring Festival.

### Three Million Enterprises Closed, Suspended

HK1501095490 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0625 GMT 12 Jan 90

["Last Year 3,000,000 Township and Town Enterprises on the Chinese Mainland Were Closed Down, Suspended Operations, Amalgamated With Others or Switched to the Manufacture of Other Products"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 12 Jan (ZHONGGUO TONGXUN SHE)—In 1989 while improving the economic environment and rectifying the economic order, 3 million township and town enterprises on the China mainland were closed down, suspended operations, amalgamated with others or switched to the manufacture of other products and the investment in capital construction was slashed by 10 billion yuan. However, the total output value of township and town enterprises still increased by nearly 16 percent over the previous year.

According to statistics, last year township and town enterprises throughout the nation created a total output value of 753 billion yuan and enterprises engaged in export trade earned \$10 billion in foreign exchange. Their contributions to the state, the collectives, and the peasants are continuing to increase and the taxes handed

over to the state by such enterprises are expected to amount to 36 billion yuan or billion yuan more than the previous year.

Through the drive to improve the economic environment and rectify the economic order, the industrial and trade structures of township and town enterprises and the mix of their products have become increasingly rational and the quality of such enterprises further improved. More than 90 percent of the enterprises have practiced a collective contract system and over 60 percent achieved standardization. In 1989, of the township and town enterprises, 47 were given the title of the Class 2 State Enterprise and nearly 1,000 the title of the Provincial-Level Advanced Enterprise; 31 were awarded Scientific and Technological Progress Prizes by The Ministry of Agriculture; 6 were given the title of the State Top-Quality Product and more than 400 the title of the Ministerial Top-Quality Product. Moreover, according to the statistics of 10 provinces and municipalities, 37 products of such enterprises were for the first time included in the state plans for the trial production of major new products.

#### State Announces Trademark Violations

OW1801020390 Beijing XINHUA in English  
1320 GMT 17 Jan 90

[Text] Beijing, January 17 (XINHUA)—A printing and dyeing mill in east China's Zhejiang Province was recently fined 3,000 yuan for printing on its cotton cloth the images of Mickey Mouse and Donald Duck, a registered trademark of the U.S. Walt Disney Corporation.

And the mill was asked to stop selling its products.

This was one of the trademark infringement cases made public here today by the State Administration for Industry and Commerce.

An administration official said that although the country has tightened the policing of trademarks, offenses have continued to happen in the past few years.

The Ningbo Sanlian Foodstuffs Company in Zhejiang Province used "W and W's" as a label for its candy. The mark was very similar to the U.S. Mars Corporation's well-known trademark "M and M's," which was registered in China and protected by the Trademark Law. The Sanlian Company's label was therefore regarded as illegal.

Another case involved a group in Zhejiang Province who made and sold a quantity of "Maotai" and "Dong" brand liquor, making an illegal profit of 250,000 yuan. The local departments concerned stopped the distribution of the fake liquor, and the main criminals have been arrested.

Meanwhile, said the official, false advertisements have been increasing in recent years and have become a great social headache. The administration handled over 1,500 of them last year.

The advertisements not only cost consumers dearly, but also upset the market and undermined the credibility of China's advertising, the official said.

#### Japanese Investment Continues Growth

HK1501022090 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 15 Jan 90 p 1

[By staff reporter Qu Yingpu]

[Text] Japanese investment in China saw a steady growth last year despite a decline after June, and bilateral economic co-operation is heading toward "healthy development in the new year in the interests of both sides," a government source said in Beijing over the weekend.

Between January and September, China approved 221 Japanese-invested projects, 60 percent more than during the same period in 1988, with a total contract value of \$280 million, 64.7 percent more.

Sino-Japanese trade also grew last year, the official told BUSINESS WEEKLY, adding that "China would like to see the trade volume exceed \$20 billion with Japan this year."

Total trade volume for 1989 was estimated at \$19 billion.

According to Chinese Customs, Sino-Japanese trade during the first 11 months of last year amounted to \$16.47 billion. Of that, China's imports managed a 0.5 percent increase to reach \$9.2 billion and its exports totalled \$7.2 billion, 6.2 percent more than during the same period in 1988.

The well-informed source, who declined to be named, said that China's exports to Japan are expected to continue to increase while Japanese imports will be promoted.

"But there are some unstable elements in Sino-Japanese trade this year," he said. "Fewer Japanese businessmen visited the Guangzhou Trade Fair (China's biggest export opportunity) last fall, which may influence trade this year.

Business slowed down between the two countries in the wake of the social unrest that took place in Beijing last June. But China has expressed its "appreciation" of some recent moves taken by Japan and expects that Sino-Japanese economic efforts will see an "overall resumption" and further development "as soon as possible," the source said.

The source disclosed that Shoichi Moroguchi, president of the Japan-Chinese Association of Economy and Trade, told a senior Chinese official last week that his country is planning to set up the long-expected investment promotion institution in March.



China is expected to set up a similar institution at the same time. The two non-governmental bodies will work together to protect Japanese investment in China and to solicit more Japanese investors.

The decision to set up the two institutions was made during Chinese Premier Li Peng's visit to Japan last April by Li and the then Japanese Prime Minister Noboru Takeshita. But because of the Beijing unrest last June, establishment of the two bodies was delayed.

Another reliable source told BUSINESS WEEKLY that a senior Japanese delegation is expected to visit China later this month. The delegation consists of officials from the ministries of foreign affairs, international trade and industry, and agriculture, forestry and fisheries. Their talks with their Chinese counterparts will concentrate on a government silk trade agreement.

China is now hoping that the Japanese Government will send negotiators to China to further the first projects scheduled to be financed by the third Japanese loan programme which totals 810 billion Japanese yen (\$5.58 billion) so that they can start construction this year as planned.

This 810 billion-yen (\$5-billion) government loan programme was promised by then Japanese Prime Minister Takeshita during his visit to China in late 1988. China signed the programme late last year for fiscal 1990-95.

The money would back 42 projects including railways, telecommunications, ports, power plants, airports, fertilizer plants, highways as well as urban sewage systems in Hainan Province and Qingdao, Shandong Province.

The contract on the last 97.2 billion yen (\$670 million) on the second Japanese loan programme of 470 billion yen was completed last May. This money will back 11 Chinese projects including port expansion and a national, computerized economic data base. The second loan programme was agreed to by Japan in 1984.

During the first nine months of last year, China contracted to import 39 pieces of Japanese technology, 18 percent of China's total for the period; total contract value was \$193 million, 8 percent of the total.

**Sino-Japanese Economic Ties**

Year	Trade volume (in billion U.S.\$)	Investment from Japan (in million U.S.\$)	
1985	21.14	315	
1986	17.21	263	
1987	6.47	267	
1988	18.97	276	
1989	16.47 (Jan-Nov)	280 (Jan-Sept)	Source: State Statistical Bureau

## Developments in Shipbuilding Industry

### New Orders

OW1501011290 Beijing XINHUA in English  
1437 GMT 14 Jan 90

[Text] Beijing, January 14 (XINHUA)—China won fresh contracts to build six export ships for four countries in the past year, a spokesman for the China State Shipbuilding Corporation said here today.

The new orders involve tanks, bulk carriers and containerized ships, weighing a total of 234,000 tons, the spokesman said.

Apart from the new orders, China delivered 24 export ships—totalling 283,000 tons—to foreign shipowners last year.

China has exported vessels to over 20 countries and regions in the world, he said.

According to the spokesman, China also exported 67 million U.S. dollars-worth of engines, products of electronics and machinery for ships in 1989.

Moreover, Chinese shipyards repaired 180 foreign vessels in the past year.

### Increasing Capacity

OW1401141590 Beijing XINHUA in English  
1322 GMT 14 Jan 90

[Text] Beijing, January 14 (XINHUA)—China will try to raise the country's annual shipbuilding capacity to 85 million tons by 1992, a senior official said here today.

Speaking at a national conference on shipbuilding, Zhang Shou, president of the China State Shipbuilding Corporation, said that China has set to build three 100,000-dwt or 200,000-dwt large docks in the Guangzhou, Shanghai and Dalian shipbuilding bases, in a bid to boost the building capability.

The 200,000-dwt dock in Dalian, which is now being constructed, is expected to be completed in 1992, he added.

The president disclosed that the ship repair techniques of major Chinese yards are expected to be updated in the next few years.

## Official Discusses Civil Aviation Industry

### 1990 Plans

OW1501132390 Beijing XINHUA in English  
1238 GMT 15 Jan 90

[Text] Beijing, January 15 (XINHUA)—China plans to add 19 large or medium-sized aircraft to its civil aviation fleet this year to expand its air transport, Hu Yizhou, director of the Civil Aviation Administration, said here today.

Meanwhile, Hu said, China will complete the building of the Chongqing, Xianyang, Ningbo and Wenzhou Airports, and continue to revamp the runways in the Hongqiao (Shanghai), Jianqiao (Hangzhou), Dajiaochang (Nanjing) and Wuwei (Nanning) Airports.

Speaking at a national conference on aviation, the director said China will open new international air routes to Egypt, Indonesia, Nigeria, Bangladesh and Sri Lanka.

A computer-aided ticket booking system is expected to be operational on July 1, 1990, he said.

He said the South China Airways and the North China Airways are expected to be set up in Guangzhou and Shenyang this year.

State Councillor Zou Jiahua also attended the conference today. He urged the administration to guarantee the safety of passengers and offer good service.

Zou said civil aviation is an important means of transport that must be further developed.

He disclosed that the government has decided to produce trunk aircraft to reinforce the civil aviation fleet.

### 1989 Performance

*OW1501133190 Beijing XINHUA in English  
1221 GMT 15 Jan 90*

[Text] Beijing, January 15 (XINHUA)—Twenty-nine extra jumbo jets and four additional airports greatly expanded China's civil aviation last year, Hu Yizhou, director of the Civil Aviation Administration of China, said here today.

Addressing a national conference on aviation, he said the extra aircraft boosted the civil aviation fleet to 200.

The new planes include the latest types of Boeing 747s, Boeing 757s, Boeing 767s, A-300s and MD-82s.

During the past year, Hu said, the administration opened three new international air routes and 20 domestic air lines.

The administration recorded a good performance last year, moving 12.05 million passengers.

Hu said the administration now operates 403 air lines, including 41 international lines linking China with 30 countries and regions.

### Drive To Improve Steel Quality, End Imports

*HK1501021490 Beijing CHINA DAILY in English  
15 Jan 90 p 2*

[By staff reporter Xiao Ren]

[Text] China is concentrating on improved quality and variety in the further development of the iron and steel industry.

The strategic shift will be made by adjusting the variety of products and adopting international standards in production, Minister Qi Yuanjing of Metallurgical Industry, told a national conference in Beijing over the weekend.

That means imports of steel and steel products will be strictly controlled this year to save enough hard currency to prepare for the country's foreign debt repayments, the minister said.

Steel is one of China's largest imports. China imports large amounts of steel for the light industry, machine-building, for the energy production, for the textile and chemical industries at a cost of billions of dollars a year.

A determination to increase exports of machinery and electronics products also demands more quality steel.

At the same time, at least two million tons of rolled steel products were stockpiled last year because of quality last year.

"We'll work on product quality and produce more products that are in short supply," Qi said.

The ministry has planned this year's steel output at 60 million to 61 million tons, roughly the same as last year's output.

The amount expected to increase will be fine steel products including plates and tubes which will exceed last year's increase of 900,000 tons, the minister said.

He said that his ministry is planning to produce an extra one million tons of thin plates and 150,000 to 200,000 tons of seamless tubes which are in short supply.

Last year, the steel products made according to international standards accounted for 35 percent of the total steel products output, an increase of six percent over 1988, Qi said.

Equipped with outdated facilities installed in 1950s and 1960s, and lacking funds from central government, China's iron and steel industry will have to rely on technical updating of its existing plants to meet the demand of the growing economy.

The ministry this year is planning to complete the renovation of 462 production lines in its major iron and steel makers according to international standards.

About 440 lines have so far been renovated.

The ministry has also asked its local manufacturers to build 120 production lines to produce steel of international standards this year.

Last year, the country produced 61.3 million tons steel, making it the 4th biggest steel maker after the Soviet Union, Japan, and the United States.

### Arms Industry Urged To Produce Civilian Goods

OW1301141990 Beijing XINHUA Domestic Service  
in Chinese 1209 GMT 13 Jan 90

[By reporter Gu Honghong (7357 3163 3163)]

[Text] Beijing, 13 Jan (XINHUA)—Speaking at a meeting of the weapons industry today, State Councillor Zou Jiahua called on weapons manufacturers to unwaveringly follow the principle of integrating the production of military and civilian goods. He urged them to actively produce civilian goods while ensuring arms research and the production of military goods.

Since 1978, China's weapons industry gradually switched from producing only military goods to integrating the manufacturing of military and civilian products. Zou Jiahua said: Practice of a decade or so demonstrated that combining the production of military and civilian goods is the road the weapons industry must take. Large numbers of weapons manufacturing enterprises scrapped the practice of producing only military goods, giving rise to a new production structure that combines efforts to manufacture military and civilian products.

Zou added: Making all-out efforts to serve battle needs in times of war and linking the production of military and civilian goods in times of relative peace are the distinctive features of weapons production. Only through such linkage can production capacity be tapped fully.

Zou Jiahua urged the weapons industry to cooperate closely with relevant industrial departments and localities in producing civilian goods.

At the meeting, Ding Henggao, minister in charge of the State Commission of Science, Technology and Industry for National Defense, put forward specific demands regarding the development of the ordnance industry.

### Bo Yibo, He Kang Elected To Enterprise Board

OW1401023090 Beijing XINHUA in English  
1602 GMT 13 Jan 90

[Text] Beijing, January 13 (XINHUA)—The China Township-Run Enterprise Association was founded today in Beijing to promote the co-ordinated and healthy development of China's rural industry.

Bo Yibo, vice-chairman of the Central Advisory Commission of the Chinese Communist Party, is honorary president of the association and He Kang, minister of agriculture, was elected president of the association.

There are 18 million rural enterprises in China. They produced a combined output value of 753 billion yuan-worth last year, 15.9 percent more than in 1988. Meanwhile, they exported products worth 10 billion U.S. dollars.

### Tian Jiyun Greets Animal Husbandry Conference

OW1201000590 Beijing XINHUA Domestic Service  
in Chinese 0949 GMT 6 Jan 90

[By reporters Guo Yude (6753 3768 1795) and Zhou Changqing (0719 7022 7987)]

[Text] Changchun, 6 Jan (XINHUA)—Vice Premier Tian Jiyun conveyed a letter of congratulations to the National Animal Husbandry Work Conference, which opened here today. In the letter, Vice Premier Tian Jiyun called on the peasants and the workers and staff members of animal husbandry departments throughout China to seriously implement the guidelines of the 5th Plenary Session of the 13th CPC Central Committee, work hard for the steady development of animal husbandry, and make still greater contributions to ensure market supply and to stabilize the economy in the new year.

Vice Premier Tian Jiyun said in his letter: With the joint efforts of the vast number of peasants and the workers and staff members of the animal husbandry departments throughout the country, the situation regarding China's pig production was stable and the output of meat, eggs, and milk was high last year, and thus contributed to an improvement in market supply.

During the 5-day conference, some 200 leaders and experts from various parts of China and various departments concerned will analyze the situation of animal husbandry production, set clear and definite guiding principles for animal husbandry in the 3-year period for improving the economic environment and rectifying the economic order, define this year's production tasks, and discuss measures for bringing about a steady and coordinated development of animal husbandry.

### Minister He Kang Views Agricultural Situation

#### Continuous Development

OW1401141990 Beijing XINHUA Domestic Service  
in Chinese 2243 GMT 12 Jan 90

[By reporters Wang Yanbin (3769 6056 1755) and Zhou Changqing (0719 7022 1987)]

[Text] Changchun, 12 Jan (XINHUA)—At a recent national work meeting on animal husbandry work, Agriculture Minister He Kang said: There has been a favorable turn in China's agricultural development. However, it is an arduous task to realize a continued, stable, and coordinated development in agriculture. At the meeting, He Kang proposed some guiding ideologies and key points for this year's development of agricultural production and the rural economy.

He Kang pointed out: With the efforts of all the people across the country, a favorable situation has appeared, on the basis of last year's bumper harvest, in agricultural development in several aspects. First, on the basis of conscientiously implementing the guidelines of the 5th



Plenary Session of the 13th CPC Central Committee, a vigorous mass campaign for paying attention to, supporting, and developing agriculture will be launched throughout the nation. Second, in order to support agricultural development, the central government already has increased financial investment in agriculture. Third, since last year, all localities have organized and launched water conservancy projects with excellent results. The conditions for autumn and winter planting also were relatively good and should pave the way for a bumper harvest this summer.

He Kang continued his analysis: Although the agricultural situation is satisfactory, we should not be blindly optimistic. The level of comprehensive agricultural production did not increase much and the fundamental and long-term measures for promoting agricultural development were not sufficient. In addition, agricultural production continues to face many problems and difficulties. Therefore, it is necessary to make a long-term and considerable effort to realize a continued, stable, and coordinated development of the rural economy.

In order to achieve a bumper harvest this year, He Kang provided the following guiding ideologies for the work of agricultural departments: On the basis of stabilizing and improving the basic economic policy for the rural areas, particular attention should be paid to agricultural investments. On the basis of striving for more capital and material investment, emphasis must be put on scientific and technological input. On the basis of relying on policy, investment, science, and technology, we must strengthen leadership, render support from all aspects, seize opportunities, become more active and creative in our work, pay particular attention to tapping inner potential, carry out policy, and strive to overcome difficulties. The three key points for this year's work are: first, there must be a breakthrough or a stable increase in grain, cotton, and edible oil seeds, especially in the production of grain and cotton; second, there must be a stable increase in sideline production such as meat, fowl, eggs, milk, and fish which relate to the "vegetable basket"; and third, township enterprises must develop in a healthy manner in the course of improving the economic environment and rectifying the economic order.

He Kang said: Agricultural departments must continue to do a good job in carrying out the comprehensive agricultural development plan, agricultural "harvesting plan," "vegetable basket" project, project to help the poor have enough food and clothes, and "spark project" for township enterprises.

#### Roundup on Harvest

OW1801183490 Beijing XINHUA in English  
1534 GMT 18 Jan 90

["Roundup: China Strives for Another Good Harvest"—XINHUA headline]

[Text] Beijing, January 18 (XINHUA)—The Chinese Government is striving for another good harvest by

increasing investment, farm materials and spreading more applied technology this year.

Addressing a national agriculture conference today, He Kang, minister of Agriculture, said China plans to produce 412.5 billion kg of grain this year, a five billion kg increase over last year. The country is trying to increase cotton output by 400 million kg.

To attain the goal, China has increased the investment in the construction of agriculture infrastructure by one billion yuan, and allocated in the state budget 18.2 billion yuan for the investment in agriculture, an increase of 200 million yuan over last year. The central banks and local governments at various levels have also increased loans for the development of agriculture.

The Chinese Government has decided to provide farmers with 107.5 million tons of chemical fertilizer, an increase of two million tons over last year. The relevant departments have pledged an ample supply of pesticides and farm use plastics for the entire year.

According to statistics from the State Statistical Bureau, China produced 407.4 billion kg of grain last year, a record. However, this has not solved the fundamental problems of feeding an already large population which is increasing at an annual rate of 1.4 percent.

To ensure a steady increase in grain and cotton output, China plans to enlarge sown areas by making better use of existing land and opening up more waste land, according to the Ministry of Agriculture.

The ministry has set the year 1990 to be a year of spreading applied science and technology for agricultural development. It has chosen some items in various categories such as fine seeds, cropping patterns, and plastic sheeting to be popularized among individual farmers.

According to Chen Yaobang, vice-minister of agriculture, China plans to grow 15 million hectares of hybrid rice, an increase of 1.9 million hectares over last year. The planned areas for hybrid maize, plastic sheeting and cropping patterns will also be increased.

Experts say the existing situation is favorable for another good harvest. The state's efforts to raise the purchase price of cotton, edible oil, sugar, pigs and tobacco will also provide incentive for farmers.

They believe that the commodity grain and cotton production centers built in recent years have reached their peak production period. The nationwide effort to repair or build irrigation projects will help the country attain the new goals.

He Kang, minister of agriculture, said China increased the sown areas last fall and winter by 1.7 million hectares. The winter crops are growing well. This has laid a solid foundation for good harvests of summer grain and early rice this year, the minister said.

**Commentary On Improving Agriculture Monopoly**  
*HK1901083690 Beijing RENMIN RIBAO in Chinese*  
13 Jan 90 p 2

["Short Commentary": "Improve Monopoly To Serve Agriculture"]

[Text] Since the implementation of the State Council's decision on the monopoly of chemical fertilizer, pesticide, and plastic film, positive results have been obtained in stopping speculation involving different sectors, illegally manufacturing and selling fake or inferior chemical fertilizer and pesticide, thus defending the peasants' interests and promoting growth in agricultural production. Practice has proved that the monopoly is absolutely necessary. However, since such monopoly involves many links and departments in production, circulation, promotion, and utilization, and mutual coordination and dovetailing are needed, some problems have indeed cropped up which are worthy of attention. Therefore, the monopoly should be improved and quickly put into practice.

First, it is necessary to reaffirm the purpose and goal of monopoly. To put it briefly, the monopoly is to support production, straighten out circulation, and serve agriculture. Only if the goal of serving agriculture is firmly established and efforts are always focussed on providing agriculture with high-quality services, can the work of monopoly be properly carried out.

To do a good job in monopoly, it is necessary to give full play to the role of commercial, supply, and marketing departments as major channels for the supply of materials for agricultural production. Entrusted by the state with the work of monopolizing chemical fertilizer, pesticide, and plastic film, commercial, supply, and marketing departments have undertaken heavier responsibility and at the same time have enjoyed greater confidence. The monopoly of materials for agricultural production by commercial, supply, and marketing departments is not meant to enable these departments to make greater profits, but mainly to enable them to better serve agricultural production. If the monopoly is regarded as a special way of reaping greater profits, work in this respect can certainly never be carried out satisfactorily. In the past year or so, commercial, supply, and marketing departments have completed a great deal of work and made great achievements. They should continue to do even better and accumulate more experience on this basis.

In monopolizing these materials, it is necessary to arouse the enthusiasm of governments and departments concerned at various levels. If the whole country depends entirely on the commercial front, if local governments and departments concerned stand by with folded arms, or if the monopoly is turned into a "one-man show" for the commercial department, the monopoly cannot be successfully carried out. Much coordination work has been done in the production and supply of chemical fertilizer, pesticide, and plastic film. Governments and

departments concerned at various levels should earnestly undertake the responsibility to manage the elements under their care.

Prosperous agriculture ensures the country's stability. This is a matter involving the overall situation. All sectors should take the interest of the overall situation into account and make concerted efforts to serve agricultural production. Units turning out materials for agricultural production should strive to make good arrangements for production, improve quality, lower production costs, and develop new products. Commercial departments should reduce links in circulation by conducting reforms, lowering operation costs, stabilizing prices, and organizing procurement and supply in good time. Agricultural departments should give guidance to peasants so that they can use materials for agricultural production in a scientific manner, correctly carry out publicity and promotion, and provide technical services. Pricing departments should exercise strict supervision, properly control the prices of materials for agricultural production, and resolutely stop irregular activities in raising prices. As long as industrial, commercial, and agricultural departments have a comprehensive and correct understanding of the guidelines of the document of methods to perfect monopoly, and in the course of implementing the document help, coordinate with, and support, each other and reduce trivial contradictions and disputes, the monopoly will be carried out with great success. The peasants will be good-humored, satisfied, and full of drive in striving for another bumper harvest in agriculture once they get sufficient high-quality chemical fertilizer, pesticide, and plastic film.

**State Measures To Ensure Good Harvests**

*OW1501134890 Beijing XINHUA in English*  
1219 GMT 15 Jan 90

[Text] Beijing, January 15 (XINHUA)—To ensure good harvests in China, the state has monopolized some agricultural materials and established 65,000 service centers to guide farmers in scientific methods.

China reaped a good harvest in 1989, with the grain output totalling 40 million kg. It will devote even greater efforts to improving the quality of agricultural materials so as to fulfil this year's grain target—410 million tons.

Service centers in China have increased by over 20,000 since before 1989 when the state took over the monopoly of chemical fertilizer, pesticides and plastic film. The number of full-time technicians has increased by 20,000.

Yu Fugao, deputy general manager of the Agricultural Materials Service Company of the commercial department, said China will increase the number of service centers by 5,000 this year to improve the distribution of agricultural materials.

More than 30,000 centers have been developed in the rural areas to show farmers how to make the best use of

fertilizers and pesticides. They represent 46 percent of the total service centers for agricultural materials.

Crop "hospitals", advisory offices and information desks number 26,000. Agronomists of the grassroots units act as doctors and advisers and give advice free.

Since the state began to monopolize agricultural materials, agricultural materials departments in most provinces have staged demonstrations of scientific farming.

Areas to which fertilizer has been applied and model areas amount to 3.91 million ha. Experimental areas for demonstration amount to 206,000 ha.

To offer social and professional services and to show farmers how to manage their businesses properly, the agricultural materials departments of 24 provinces, municipalities and autonomous regions have introduced various kinds of paid services.

Paid technology services have played an important role in developing agriculture. Agronomists are enthusiastic about them, and the quality of the service to farmers has improved, enabling them to receive better returns for their efforts.

#### **Harvest Prospects Mixed for Meeting 1990 Targets**

*HK1501020890 Beijing CHINA DAILY in English  
15 Jan 90 p 1*

[By staff reporter Wang Dongtai]

[Text] The country's provincial officials, encouraged by last year's bumper harvest, are optimistic about setting new records this year, but a leading official says many problems remain to be solved.

While government agencies have begun to pay more attention to agriculture, Chen Yaobang, Vice-minister of Agriculture says he is not sanguine about achieving this year's harvest targets.

One of the problems said the vice-minister, is the fall of market prices for some agricultural products. For example, he said, November rice prices had fallen 8 percent compared with June's.

In Guangdong Province, which had a bumper crop last year, the price of paddy fell from 160 yuan a ton early 1989 to 84 yuan a ton in November. And in Sichuan Province, another leading grain producer, the price of paddy fell to 64 yuan a ton. Prices of fruits and vegetables also fell.

The central government, this year, has decided to raise purchasing prices of cotton, oil and sugar, but not grain. This will dampen farmers' enthusiasm for growing rice and wheat, said Chen.

Another problem is the weather, the vice-minister said. This year, the climate probably will not be as favourable as last year. And lack of rain in some areas has already affected the growing of wheat.

Agricultural investment will be limited by the slow increase of farmers' income, he added.

This is caused by a sluggish market for agricultural products. In areas hit by natural disasters, farmers' losses will also reduce their investments in farming.

But favourable conditions also exist, Chen said. A major advantage is the fact that governments at all levels are paying more attention to agriculture.

Provincial governments across China aim to produce 421 million tons of grain, 4.5 million tons of cotton, 14.7 million tons of oil and 66.7 million tons of sugar.

According to the Ministry of Water Resources, just completed irrigation projects on 2 million hectares of farmland and soil erosion measures on another 8,000 square kilometres should improve conditions.

The government will also increase supplies of fertilizer, pesticide and plastic sheeting.

The acreage in autumn and winter sowing increased 1.7 million hectares. Grain crops increased 600,000 hectares and oil crops, 400,000 hectares.

State-owned farms also planned an overall increase in agricultural output this year, said Vice-minister of Agriculture Liu Jiang on Friday at the National State Farm Meeting.

Grain and cotton crops on State farms hit record highs in 1989, and other crops did well also.

In 1989, total output of grain by State farms reached 9.4 million tons and the 1990 target is 9.9 million tons. Output of cotton in 1989 was 188,000 tons and the 1990 target is 210,000 tons.

The 1990 plan by State farms also includes 5.1 million tons of sugar, 200,000 tons of rubber, 375,000 tons of meat, 950,000 tons of milk, 158,000 tons of egg, 21,000 tons of wool and 178,000 tons of fish.

In 1990, the State farms plan to increase crop acreage by 70,000 hectares. The acreage of grain crops will decrease 14,000 hectares and acreage of cotton will increase 20,000 hectares, said Liu.

#### **Sales of Agricultural Production Materials Up**

*OW1501135490 Beijing XINHUA in English  
1308 GMT 15 Jan 90*

[Text] Beijing, January 15 (XINHUA)—Sales of agricultural production materials were up by 23 percent, according to the latest statistics from the Ministry of Commerce.

The sales volume of chemical fertilizer increased by 6.15 percent last year. Though pesticide sales generally declined, sales of highly effective pesticides increased and basically satisfied demand.



Sales of plastic film were down by 10.5 percent. A Ministry of Commerce official said this was mainly due to relatively warm weather, high prices and the introduction of a extra-thin film which made it possible for farmers to use less film than before.

The official said agricultural production materials were quite sufficient last year and prices were stable.

The official predicted the supply of agricultural materials will continue increasing this year, and that price increases for these products will be lower than last year.

#### **Plans To Produce More Fertilizer, Pesticide**

*OW1101141390 Beijing XINHUA in English  
0848 GMT 10 Jan 90*

[Text] Beijing, January 10 (XINHUA)—China plans to produce 87 million tons of fertilizer this year, two

million tons more than last year's quota, in a major move to boost agricultural production, Gu Xiulian, minister of the chemical industry, said here today.

Addressing the opening ceremony of a national conference on chemicals, the minister said China also plans to produce 210,000 tons of pesticide this year.

She called on enterprises under the ministry's jurisdiction to produce more chemicals for farm use and support agricultural development.

She said the country will continue to build major fertilizer manufacturing projects, including the Lunan Fertilizer Plant, the Qinghai Potash Fertilizer Plant, the Jinan Fertilizer Factory, the Zhongyuan Fertilizer Works, and the Zhongda Fertilizer Company in Qinhuangdao.

She said China will also start to produce several new pesticides this year.

**East Region****Anhui Leaders Elect District Deputies***OW1101125190 Hefei Anhui Provincial Service  
in Mandarin 1100 GMT 25 Dec 89*

[From the "Provincial Hookup" program]

[Excerpt] The election of deputies to the 11th People's Congress of Hefei's Zhongzhi District took place today at the combined electoral district of the provincial party committee [sheng wei lian he xuan qu].

In their capacity as ordinary voters, Lu Rongjing, Fu Xishou, Meng Fulin, Yang Yongliang, Cheng Guanghua, Liu Guangcai, Niu Xiaomei, Zhao Baoxing, and other leaders of the Anhui provincial party committee and its advisory commission, cast their votes at the voting booth set up in the courtyard of the provincial party committee office building.

Comrade Li Xinnong [not identified] also cast his vote. [passage omitted]

**Fujian Leaders Attend New Year Soiree***OW1001130690 Fuzhou FUJIAN RIBAO in Chinese  
31 Dec 90 p-1*

[By reporter Pan Ziqiang (3382 1311 1730)]

[Text] A film-viewing soiree to mark the 1990 New Year in Fujian Province and Fuzhou City was held at the Taiwan Theater in Fuzhou last night.

Attending the soiree were more than 1,200 people, including leading comrades of the provincial party committee, the provincial advisory commission, the Standing Committee of the provincial people's congress, the provincial government, and the provincial CPPCC committee. Chen Guangyi, Wang Zhaoguo, Jia Qinglin, Cheng Xu, Yuan Qitong, Lin Kaiqin, Zhang Zongde, Zhang Kehui, He Shaoshuan, Wang Jianshuang, and Wen Fushan; local old comrades, such as Wei Jinshui, Wu Hongxiang, Jia Jiumin, Wang Zhi, He Yongfeng, and Yan Hong; leading comrades of the PLA units stationed in Fujian, as well as representatives of workers, peasants, intellectuals, PLA commanders and fighters, government workers, compatriots from Hong Kong, Macao, and Taiwan, and overseas Chinese and foreign experts attended.

The soiree was presided over by Li Lianming, head of the provincial department of culture.

Hong Yongshi, deputy secretary of the Fuzhou City party committee and mayor of Fuzhou, made a speech at the soiree. On behalf of the provincial party committee, the provincial government, and the Fuzhou City CPC Committee and city government, he extended his warm holiday greetings to all patriotic personnel, comrades from Taiwan, Hong Kong, and Macao, and Overseas Chinese who cherish the motherland, as well as the

foreign experts and friends who are working hard to help us. He also wished to salute those comrades who vigorously carry out production and work during the new year holiday.

After reviewing Fujian's achievements in developing economic construction and socialist civilization over the past year, he pointed out: During the new year, we must continue to earnestly implement the guidelines laid down by the 4th and 5th plenary sessions of the 13th CPC Central Committee, uphold the four cardinal principles, persistently develop the reform and opening program, and carry out our work in a down-to-earth manner. While maintaining political and social stability, we must further improve the economic environment; rectify economic order; carry out reform and opening to the outside world; bring about a sustained, steady, and coordinated growth in the development of our economy in the province; and make new progress in strengthening party building, keeping the government clean and honest, and promoting socialist spiritual civilization.

Films "Teenage Girls" and "Police Detective Katayama in Hilly City" were shown at the soiree.

**Han Peixin Presides at Jiangsu Party Meeting***OW1701011090 Nanjing XINHUA RIBAO in Chinese  
15 Dec 89 p 1*

[Excerpts] On 13 December, Comrade Han Peixin, secretary of the Jiangsu Provincial CPC Committee, presided over a Standing Committee meeting to earnestly study and implement the guidelines laid down in speeches by Comrades Jiang Zemin and Li Ruihuan at the national symposium on mass media work, which was attended by the editors-in-chief of party newspapers in all the provinces, municipalities, and autonomous regions. The meeting was also held to discuss the work of XINHUA RIBAO and the QUNZHONG journal, and to study how to improve journalism work in the province. The Standing Committee of the provincial party committee urged all journalistic units and propaganda departments in the province to enthusiastically study the guidelines laid down in the leaders' speeches. The Standing Committee also called on the party committees at all levels to strengthen their leadership over journalism.

The Standing Committee members of the provincial party committee listened to a briefing by Liu Xiangdong, editor-in-chief of XINHUA RIBAO, about the guidelines laid down at the national symposium on mass media. After earnest discussion, they pointed out: The speeches made by Comrades Jiang Zemin and Li Ruihuan at the aforementioned national symposium sum up the experience and lessons in doing the party's journalism work, especially the experience and lessons from the turmoil and riots which took place between last spring and summer. These speeches answered a series of theoretical and practical questions about the party's journalism work and clearly point out the nature, the role, and the basic principles and tasks of the party's

journalism work. These speeches are of far-reaching significance in helping the whole party carry out journalism well. [passage omitted]

In the course of conducting discussions, the Standing Committee members of the provincial party committee pledged to pay more attention to the work of XINHUA RIBAO and QUNZHONG, and to help overcome difficulties, including those which the newspaper and journal have experienced in developing capital construction projects and technical innovations. The Standing Committee members pointed out: Over the past few years, the newspaper and journal have improved continuously while displaying their fine traditions. They have been greatly praised by the masses. From now on, they must work even harder to increase their work efficiency in doing propaganda. During the discussions, the Standing Committee members also pointed out: Right now, we must give more coverage to outstanding typical examples and spend less time reporting routine meetings. We must follow the principle of reporting more positive examples. In dealing with reports of a critical nature, we must remain prudent and ensure the accuracy of the facts.

#### **Cao Keming Views Jiangsu Discipline Inspection**

*OW1201062090 Nanjing Jiangsu Provincial Service in Mandarin 1015 GMT 22 Dec 89*

[Text] Comrade Cao Keming delivered a work report on behalf of the Jiangsu Provincial Discipline Inspection Commission at the Eighth Jiangsu Provincial CPC Congress. In his report, Cao Keming reviewed the commission's work during the past 5 years. He said: Under the leadership of the provincial party committee and the Central Discipline Inspection Commission, the discipline inspection organizations at all levels throughout the province implemented the principle of imposing stringent demands on party members; concentrated their efforts on enforcing party discipline; and helped the party committees improve their work style, achieve unity, purify the party organizations, enhance the party's combat effectiveness, ensure the implementation of the party's basic line, various principles, and policies, promote the reform and opening program, and develop economic construction. Cao Keming pointed out: Under the leadership of the party committees and with the support of the broad masses over the past 5 years, the discipline inspection organizations at all levels in the province carried out serious investigations of cases involving breaches of party discipline, sought truth from facts, strictly enforced party discipline, and resolutely chastised the corrupt and evil. These organizations handled 30,425 cases involving breaches of party discipline and took disciplinary actions against 26,024 party members between the beginning of 1985 and September 1989.

Cao Keming emphatically pointed out: Thanks to the efforts of the party committees and the broad masses of party committees, the party style in Jiangsu was generally good over the past 5 years. Most of the party

organizations and party members were able to earnestly implement the party's line, principles, and policies; maintain political unity with the party central committee; vigorously carry out reform; serve the people wholeheartedly; and perform actual deeds for the masses. However, there also were some shortcomings and problems in carrying out discipline inspection work in the province. The difficulties and complications in improving party style and in strengthening party building, and the constant need to carry out this work, are not fully understood under the new situation. Not enough efforts have been made in the investigation and study of new situations and new problems. Measures to improve party style and to enforce discipline have not been firmly implemented.

In his report, Cao Keming called for efforts to strictly enforce party discipline, strengthen centralization and unity within the party, wage struggle against apathy and corruption, help keep a clean and honest government, and improve the party style. He said: Efforts must be made to thoroughly investigate cases involving breaches of party discipline and to strictly enforce party discipline. It is essential to reinforce the discipline inspection organizations and to improve work in discipline inspection.

#### **Shandong Increases Industrial Output Value**

*OW1101110590 Beijing XINHUA in English 0822 GMT 10 Jan 90*

[Text] Beijing, January 10 (XINHUA)—The industrial output value of Shandong Province in east China was more than 140 billion yuan (28 billion U.S. dollars) last year, 17 percent higher than in 1988, according to today's "PEOPLE'S DAILY."

The province's revenue for 1989 was 20 billion yuan, a 16 percent increase over 1988.

Industry and transport developed rapidly in Shandong last year as a result of the efforts of the provincial government and the party committee. They made great efforts to overcome various difficulties like drought; a shortage of funds, energy, and raw materials; inadequate transport; and a market slump.

They first took measures to guarantee coal supply and power production.

After the anti-government riot in early June last year in Beijing, the province announced that the contract responsibility system for factory directors would not change, putting people at ease.

They also worked out several policies to bring the talents of businessmen and sales and supply agents into full play.



**Further on Shanghai Demonstration, Assembly Law**  
*OW1101141590 Shanghai City Service in Mandarin*  
 1000 GMT 9 Jan 90

[Text] The Standing Committee of the 9th Shanghai People's Congress held its 14th meeting today. The meeting reviewed and passed Measures of Shanghai City For Implementing the PRC Law Governing Assemblies, Parades, and Demonstrations. The meeting was presided over by Chairman Ye Gongqi.

Wang Chongji, chairman of the Legal Affairs Commission of the municipal People's Congress, delivered a report explaining the draft of the measures. He said: Ours is a nation with a vast territory, with diversified local conditions. The Law Governing Assemblies, Parades, and Demonstrations, passed and published by the Standing Committee of the National People's Congress last October, amounted to only principled regulations on some common issues. To ensure that the law is correctly and effectively enforced in this city, it is necessary to draw up implementation measures in accordance with Shanghai's actual conditions. The measures also aim at helping citizens exercise their legal rights to stage assemblies, parades, and demonstrations. The measures also enable the government to guarantee the citizens' democratic rights according to law and to maintain social stability and public order.

The Measures of Shanghai City for Implementing the PRC Law Governing Assemblies, Parades, and Demonstrations approved today contain 26 articles. The measures sum up the experience of Shanghai City in observing the Provisional Regulations on Parade and Demonstration Held by Shanghai Citizens, based on the Law of Assemblies, Parades, and Demonstrations, and draw on relevant regulations of other provinces and cities for reference. Through the measures, Shanghai laid down relatively greater numbers of specific rules concerning application procedures, review processes, and other things needed to be specially noted. These measures apply to any assemblies, parades, and demonstrations held within the city's administrative region, including public roads, open-air public places, and waters.

These measures stipulate that the requirements of application be met first of all. Responsible persons of an assembly, parade, or demonstration should fill out an application form. Those intending to organize or participate in an assembly, parade, or demonstration using the name of a government organization, a party, a social group, or an institution or enterprise, must obtain approval from the responsible person of that unit. The responsible person of the unit signing the approval will be regarded as the responsible person for the pending assembly, parade, or demonstration. It is also stipulated that, in the course of processing an application, the competent authorities of a unit faced with specific problems can notify a relevant organization or unit and discuss the problems with the responsible people filing that application. In such cases, the competent authorities

can postpone for 5 days the date of the assembly, parade, or demonstration. The relevant organizations or units should report the results of the discussions to the public security departments within the prescribed time limit.

According to these local regulations, during an assembly, parade, or demonstration, violence or provoking violence is prohibited. It is also illegal during those gatherings to stop vehicles and cause traffic congestion, to slander or insult other people, to spread rumors, and to paste or scribble (propaganda materials) along streets. According to these measures, when an assembly, parade, or demonstration is scheduled to be held near or to pass state departments, military facilities, broadcasting and television stations, or foreign consulates in Shanghai, the public security departments may post temporary cordons nearby to maintain order, and no one should cross the lines without permission from the police. No assemblies, parades, or demonstrations are allowed within 300 meters of places where state guests are staying, or where there are vital military facilities, airports, train stations, and ports.

The measures also explicitly stipulate that assemblies, parades, and demonstrations are not allowed in the People's Square or on the Bund, unless approved by the municipal government; the Bund means Zhongshan East Road stretching from (Jingming) Highway in the south to (Suzhouhe) in the north. In his report, Wang Chongji pointed out that the People's Square and the Bund are the city's important centers for political and social activities and are the hub of communications. If assemblies, parades, or demonstrations are allowed in these two places, the whole city's political and social activities and traffic and transportation will be affected to a relatively great extent. Therefore, it is necessary to obtain approval from the municipal government.

The Measures of the Shanghai City for Implementing the PRC Law Governing Assemblies, Parades, and Demonstrations went into effect today. The Provisional Regulations on Parade and Demonstration Held by Shanghai Citizens, adopted by the municipal People's Congress in September 1987 were abolished as of this day.

**Li Zemin Discusses Zhejiang People's Congress**

*OW1901033290 Hangzhou Zhejiang Provincial Service*  
 in Mandarin 1000 GMT 4 Dec 89

[From the "Provincial News Hookup" program]

[Text] From 2 to 4 December, the Zhejiang Provincial CPC Committee held a provincial meeting on the work of the People's Congress. The meeting, using the guidelines set by the 5th Plenary Session of the 13th CPC Central Committee as a weapon, focused on studying a series of important instructions given since the 3d Plenary Session of the 11th CPC Central Committee by the party Central Committee, by Deng Xiaoping, and by other leading comrades. Their instructions are for strengthening the socialist democratic legal system and the work and building of the People's Congress, and on

studying Marxist-Leninist theories of the state. Comrades attending the meeting focused their study and discussion on the current central task of improving the economic environment and rectifying the economic order. They further enhanced their understanding through integrating theories and practice of the importance of the work of the People's Congress. They agreed that we should add a new dimension to the work and building of the provincial People's Congress in the course of improving the economic environment, rectifying the economic order, deepening reforms, and promoting material and spiritual civilizations. Ge Hongsheng and (Liu Feng), deputy secretaries of the provincial CPC committee, presided over the meeting. Li Zemin, secretary of the provincial CPC committee; Chen Anyu, chairman of the provincial People's Congress Standing Committee; and Shen Zulun, deputy secretary of the provincial CPC committee and governor of Zhejiang Province, spoke at the meeting. In his speech, Li Zemin fully affirmed the work local people's congresses have done and the role they have played since they were established 10 years ago. He said: We should raise our understanding of the system, nature, position, and role of the People's Congress to a new level from the high plane of upholding the four cardinal principles and safeguarding the country's long-term stability. Currently, we should enhance our understanding of the following three things: First, we must uphold the People's Congress system in order to promote socialist democracy and to strengthen the socialist legal system. Second, we must enable organs of state power to fully exercise their power in order to uphold and strengthen the party's leadership. Third, we must insist on the principle that the party must confine its activities within the bounds of the Constitution and law, and we must enhance our understanding that everything must be done in accordance with the law. Li Zemin put forward five demands on further strengthening the party's leadership over the work of the People's Congress and on bringing the role of organs of state power into full play. He said: First, we should effectively strengthen the party's leadership over the work of the People's Congress and add this work to party committees' work agenda. Major leaders of party committees should be put in charge of the work of the People's Congress; they should respect and support the work of the People's Congress; and they should actively implement resolutions and decisions made by the people's congresses and their standing committees. Second, we should support the people's congresses in exercising their functions and powers according to the law, and enable the people's congresses to play an active role in implementing the party's basic lines and in carrying out the tasks set forth by the 5th Plenary Session of the 13th CPC Central Committee. Third, we should use legal means to ensure that the work in improving the economic environment, rectifying the economic order, and deepening reforms is carried out smoothly. We should actively strengthen the publicity and education in legal knowledge, and strive to maintain social stability. Fourth, we should ensure that next year's reelection is carried out properly. Fifth, we should support the

building of the People's Congress standing committees, and do our best to assist them to solve their problems.

Some participants in the meeting also spoke. Delegates of some cities, prefectures, counties, and districts briefed the meeting on their experience in improving the work of the People's Congress. Attending the meeting were secretaries of party committees, city mayors, prefecture commissioners, and county heads of various localities; chairmen of the People's Congress standing committees of various cities and counties; and chairmen of the People's Congress work committees of various prefectures.

### Surplus Zhejiang Laborers Return to Farming

HK1001095690 Beijing RENMIN RIBAO in Chinese 6 Jan 90 p 2

[Dispatch by XINHUA reporter Shen Haixiong (1957 3189 7160), exclusively for RENMIN RIBAO from XINHUA: "Nearly One Million Surplus Laborers Return to Farming in Zhejiang Province"]

[Text] Since winter began, nearly 1 million surplus rural laborers in Zhejiang Province have returned to the countryside, and they are now working day and night in the forefront of the winter irrigation projects and agricultural development projects.

With the in-depth development of economic adjustment and rectification, about 25 percent of rural enterprises in Zhejiang Province stopped operation because they consumed too much energy and achieved poor economic results. More than half the peasant construction teams found no jobs to do. More than 1 million laborers urgently needed new jobs. For the Zhejiang provincial party committee and the Zhejiang provincial government, the new situation not only put pressure on them but also provided an opportunity for them. In Zhejiang, the per capita area of arable land is rather small, and farming there is handled in such an intensive and meticulous way as to be described as "embroidery-style farming." In the past few years, insufficient attention was paid to agriculture, and this resulted in the lowering of the labor quality in agriculture and the aging of water conservancy and irrigation works. Grain production was stagnant for several consecutive years, and this seriously hindered the harmonious development of the economy in the whole province. Through investigation and analysis, the appropriate department in Zhejiang found that great potential in agricultural production had yet to be tapped. Large areas of hilly and coastal land can be reclaimed. In the whole province, it is estimated that more than 5 million mu of gentle slopes in various hilly areas can be reclaimed for farming.

The province authorities set up more than 70 agrotechnical centers in various cities, counties, and districts and assigned agrotechnicians to all townships and towns. They provided agrotechnical training for peasants who

returned from urban areas to seek jobs in the countryside. Last years, more than 300,000 people in all parts of the province received all kinds of agrotechnical training.

Various prefectures, cities, and counties also organized skilled workmen, who returned to their home towns and home villages, to undertake construction contracts for building water conservancy and irrigation works and for transforming farmland. Dongyang City organized more than 1,000 skilled workmen of rural origin to undertake the contract for repairing more than 1,000 irrigation works. This improved the quality of the repair projects and quickened the completion of the projects. Now some 70 percent of the existing water conservancy and irrigation works in this city have been repaired and renewed. Shaoxing City last year mobilized some 250,000 laborers to reclaim hilly and coastal land, and this accounted for one-quarter of the total rural labor force in this city. It is expected that the reclamation projects will produce an annual output value of over 2 billion yuan.

### Central-South Region

#### Guangdong Trade Receipts Exceed Plan

HK1001070590 Beijing RENMIN RIBAO in Chinese  
5 Jan 90 p 1

[Report by Liang Zhaoming (2733 0340 2494): "Guangdong Province Overfulfills the State's Plan for Foreign Trade"]

[Text] Guangzhou, 3 Jan—During the last year of the 1980's, Guangdong Province registered the best results in both foreign trade and in utilizing foreign capital. Statistics show that from January to December of last year, the province utilized foreign capital totaling almost \$2 billion, an increase of 7.5 percent over 1988; foreign trade totaled \$7.249 billion, overfulfilling the state's annual plan by 40.3 percent, an increase of 16 percent over the same period of 1988.

During the Beijing turmoil between the spring and summer of last year, foreign businessmen's enthusiasm for investment was affected, and so were the province's exports. After the quelling of the counterrevolutionary rebellion in Beijing, the provincial party committee and government took every opportunity to explain that reform and opening up were the country's basic policies. Since then the situation in Guangdong has remained stable. To convince foreign businessmen, foreign economic relations and trade departments in the province have invited them for on-the-spot investigations, and have also strictly implemented the contracts that had been signed with foreign businessmen, so as to ensure the construction and operation of foreign-invested enterprises.

In addition, in the course of utilizing foreign capital, these departments have also carried out economic

improvement and rectification and adjusted the investment structure. As a result, productive projects accounted for 90 percent of the 5,900 contracts (projects) that were signed last year.

Foreign capital in Guangdong has injected great vitality into its industry, apart from stimulating its exports. In the first 11 months of last year, the utilization of foreign investments yielded an export value of over \$2.4 billion, an increase of 95 percent over the same period of 1988. Thus, its proportion to the province's total export value rose from 19 percent in 1988 to 34 percent. Foreign trade has become an important factor that helps increase the province's foreign exchange income.

#### Hainan CPC Secretary Views Investment Climate

HK1801102790 Haikou Hainan Provincial Service  
in Mandarin . 00 GMT 14 Jan 90

[Excerpts] A grand reception was held yesterday for the opening of Kangleyan Hotel, decorated with lanterns and colored streamers.

Provincial party committee Secretary Xu Shijie, Governor Liu Jianfeng, and provincial party committee Secretary General Miao Enlu attended the opening ceremony. [passage omitted]

Speaking at the ceremony, Comrade Xu Shijie said: What made us satisfied in the past year was that cadres and the masses of our province reached a common understanding—we advance as we build up a foundation. Guided by the thinking, the investment environment in our province has improved, and a power-deficient province has been turned into a power-sufficient one in the country. What made us unsatisfactory was that we failed to implement well the preferential policies that the party Central Committee designed for our province. In addition, the mentality of a small government in a big community was not firmly established, and the service for promoting the introduction of advanced foreign technology and strengthening cooperation with units in the parts of the country was not well done. [passage omitted]

This year, he continued, we should further improve the investment environment, further seek unity of thinking, give full rein to our energies, and offer better and high-quality services for investors so as to develop Hainan's economy at a faster pace.

#### WEN WEI PO Series on Hainan Continues

3 Jan

HK0901001790 Hong Kong WEN WEI PO  
in Chinese 3 Jan 90 p 2

["Special Article" by contributing reporter Huang Chinsien (7806 6651 0341) and staff reporter Huang Ching (7806 3237): "There Has Never Been Any Change in the



Special Policies—the Fifth Report on the Hainan Special Economic Zone” (Part One)]

[Text] The “Yangpu disturbance,” the “June 4th” incident, the change of the provincial governor... In barely 1 year since Hainan was made a province, there have been frequent incidents, with numerous twists and turns. However Bao Keming is still firmly confident that the central authorities’ policy toward Hainan will not change.

#### **The Preferential Policies Are Being Continually Improved**

Executive Vice Governor Bao Keming has a background of many years of service in China’s astronautic industry. In an interview given to this newspaper’s reporters concerning Hainan’s general situation, he stressed that the various special policies granted by the central authorities to Hainan have never been changed, nor have there been revisions of any rules and regulations. He said that some of the reports now current in society about imminent change in the policies toward Hainan are simply not true. He said that Hainan’s economy is relatively backward, compared with other mainland provinces, and more so when compared with its neighbors, the “four little Asian dragons.” In practical terms, apart from the potential superiority in natural resources, the most attractive conditions Hainan can now offer are the preferential policies granted by the central authorities, and, since the conditions are made by policy, Hainan must exploit them yet more “efficiently, flexibly, and fully.” It will only confound investors if policies waver. Of course, in the future the central authorities will make improvements and adjustments according to practical situations, but this should not be viewed as a change in policy.

#### **It Will Be Difficult To Create Any Miracles in 3 or 4 Years**

On the problem of insufficient implementation of central authorities’ policies, Bao Keming attributes the causes to the short time in which Hainan has been a province; local cadres have not familiarized themselves with the workings of the Central Committee and the different departments of the State Council, with the result that problems appear in the connections between work areas. Effective communication develops gradually. Hainan Province’s implementation of central authorities’ policies have not been guided by a clear understanding. But Bao Keming believes that the problems can be gradually resolved, once understanding and communication with the central authorities are strengthened.

The foundation in Hainan’s various sectors is weak, which has become a stumbling block in importing foreign capital, Bao Keming frankly admitted, adding that the timing for Hainan’s opening up has not been as good as that for Shenzhen and several other special economic zones. But Bao believes that, since Hainan is an economic body complete by itself, compared with other

special economic zones it is the one capable of offering the most complete range of economic development. It is, in the long view, more favorable for an export-oriented economy. Bao realizes that, though Hainan and Taiwan share approximately similar conditions in terms of natural resources and total land area, Hainan is far behind Taiwan in capital, management, and technology. Because Hainan began at a rather low starting point, there is no possibility of any economic “miracle” in the coming 3 or 5 years. Bao pointed out, Hainan’s economic development must go through three stages. First it must lay a solid foundation; then comes a period of developing Hainan’s four great economic pillars: industry, agriculture, commerce and tourism; and the third stage will see the formation of an export-oriented economy featuring processing industries.

#### **There Has Been Some Relief in Power Shortage**

Bao Keming stated that economic development must rely on accumulation, and qualitative change comes only at a sufficient extent of accumulation. There will be 10 or even 20 years of development before Hainan’s economy progresses to the third stage. So the major task for the first Hainan Government is to lay a foundation for Hainan’s future development and improve Hainan’s investment environment. Earlier, following a review of economic work since the establishment of the province, the Hainan Government has put forward “laying a good foundation and fully exploiting the policies,” and, to create a pragmatic work style, has asked leaders of economic departments at various ranges to “either work more and talk less, or work and cut the talk altogether.” Bao has also said that only when the construction of energy, transport and communication is completed, when law, rules and regulations are made comprehensive, and when educational and labor is quality improved, can Hainan boast stronger attraction for international capital. For now the biggest investment in developing Hainan is to improve its investment environment.

According to Bao Keming’s revelation, Hainan’s power generation has increased by 400,000 kw in the 1 year since it was made a province, relieving the acute power shortage prior to the making of the province.

#### **The Construction of Sanya International Airport Has Begun**

In the area of traffic and transport, before Hainan was made a province, there was only the Haikou-Guangzhou flight. Now the flights are extended to Beijing, Shanghai, Shenyang, Wuhan, Chengdu, Xian, and Kunming. One of the projects in the first stage of Hainan’s major infrastructure construction—the Sanya Phoenix International Airport—has already begun construction. British and French investors have expressed interest in the airport project. The State Council has earlier approved the East Line Highway project, which Hainan had planned for a long time, and the project is now under construction. Hainan is also building a 10,000-ton

capacity berth for the transportation of coal and other miscellaneous goods. The construction of the two 20,000-ton capacity berths in Yangpu Port has basically been completed, and formal operation is expected to be in next May. For communication, over the last year or so direct telephone calls from Haikou have been extended step by step from the mainland to Hong Kong and European and American regions.

4 Jan

HK0401080190 Hong Kong WEN WEI PO  
in Chinese 4 Jan 90 p 3

["Special Article" by contributing reporter Huang Jinxian (7806 6651 0341) and staff reporter Huang Ching (7806 3237): "Nothing Has Been Changed in Favorable Policies for Hainan—Fifth Report on Hainan Special Economic Zone" (Part Two)]

[Text]

#### Foreign Investment Was Not Affected by the June 4 Incident

Bao Keming, vice governor of Hainan Province in charge of routine government affairs, told these reporters that the enthusiasm of foreign businessmen for making investment in Hainan did not subside after the June 4 incident; instead, they became more pragmatic and realistic. According to statistics, by the end of September 1989, 762 foreign-funded enterprises had been registered in Hainan, and some 70 percent of them were engaged in industrial production. Apart from the development project in Yangpu, which attracted wide attention, large projects involving foreign investment included the shrimp farm and the cement plant with the investment of Thailand's Zhengda [2973 1129] Group and the Daguangba Reservoir and Power Plant, which was built with a loan of \$67 million offered by the World Bank. In addition, the province has also reached an agreement with a foreign company in building an oil refinery with a capacity of 6 million tons in Haikou City. The province is also negotiating with some investors from the United States, France, and Southeast Asia on some substantial large projects.

Bao Keming said: Because economic development in Hainan remains at the initial stage, the province cannot blindly develop large projects. At present, the province needs to develop some small and medium-sized enterprises with foreign funds. The development of large enterprises should also be in line with Hainan's actual conditions. That is, they must be able to get raw materials in Hainan. Now, priority is given to the projects in the petrochemical industry, in extracting natural gas, and in the intensive processing of tropical crops. He said: Hainan's annual rubber output is 150,000 tons, accounting for over 70 percent of the country's total rubber output. The province now hopes to develop the capacity of intensive processing. In recent years, due to

the sharp appreciation of the Taiwan currency, large amounts of money in Taiwan urgently need to be invested somewhere, and Taiwan is also facing the adjustment of its industrial production structure. Hainan has noticed this situation and is considering the adoption of effective policies to attract the funds from Taiwan and to promote the shift of labor-intensive industries from Taiwan to Hainan.

#### Growth Speed Is Not Too High

How to view the influence of the national policy for economic adjustment on Hainan? Bao Keming said: The economy in Hainan is not overheated, so there is no such problem as retrenchment in Hainan. He said: Last year, the total industrial and agricultural output value in this province was 5.1 billion yuan, far lower than the national average, so there was not excessively high growth in Hainan. The central authorities have also explicitly indicated that in the period of adjustment and rectification, the size of capital construction in Hainan will not be cut down, and the speed of economic growth will not be lowered. This year, when money supply was generally tightened in the whole country, the state still increased loans for Hainan.

#### Rubber Is Stockpiled in Large Quantity in Hainan

However, Bao Keming admitted that enterprises in Hainan are now also facing financial difficulties, as there is a shortage of working funds. However, because there are not many large enterprises subject to the state budget, as compared with other parts of the country, the influence of the retrenchment policy is rather limited. At the same time, the banks in Hainan are actively improving efficiency in the use of funds and facilitating the movement of funds so as to mitigate the shortage of funds in some enterprises. On the other hand, because the processing enterprises in Shanghai and Wuhan lacked funds to purchase raw materials, the Hainan-produced rubber, which was always in short supply, was stockpiled in large quantities this year. At present, the State Council is considering measures for helping Hainan solve this problem.

Bao Keming said that there is no reason the central authorities will change the policy for Hainan. He said: In the past, Hainan was taken as the "forefront" of the war preparations, and little input was made there. The rich resources in Hainan were not developed and utilized, and the economic condition there remained backward for a long time. The "four small dragons" in Asia with geographical and economic conditions similar to Hainan have grasped the opportunity and effected the economic take-off. Now, Thailand, the Philippines, and Malaysia are also rapidly developing. If Hainan does not develop and effect its economic take-off, it will become even more backward. Therefore, the central leadership will not change its decision to run a large special economic zone in Hainan.

### Henan Secretary Stresses Rural Work Importance

HK1801153090 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 15 Jan 90

[Text] At a provincial rural ideological and political work conference held in Xinxiang on 14 January, provincial party committee Secretary Yang Xizong pointed out: [passage indistinct]

In relation to problems facing most rural areas in our province with ideological and political work, we must intensify education in the following aspects in a certain period of time in the future:

1. It is necessary to conduct education thoroughly and with sustained efforts to maintain the leadership of the CPC and to keep to the socialist road in order to resist and eradicate the influence of bourgeois liberalization in the rural areas.
2. It is essential to widely publicize the spirit of the 5th Plenary Session of the 13th CPC Central Committee, help cadres and the masses acquire a correct understanding of the current situation, and ensure fulfillment of the task of improving the economic environment, rectifying the economic order, and deepening the reform.
3. It is necessary to carry on active propaganda about the party's rural policies in an all-round and thorough way.
4. It is necessary to disseminate general legal knowledge and to educate the peasants to change prevailing habits and customs.

Comrade Yang Xizong continued: To increase the confidence of peasants in following the socialist road under the leadership of the CPC, we should expand production, reinvigorate the economy, improve the material and cultural lives of peasants, so that large numbers of them will better understand the superiority of socialism. On the other hand we should persistently carry out education in the four cardinal principles, with the help of powerful ideological and political work, and institute vivid and concrete propaganda in various forms and through different channels among the peasants, so that their thinking will be truly unified in the spirit of the fifth plenary session.

Yang Xizong pointed out: We should strike severe blows at criminal activities and different types of ugly social phenomena in the rural areas. At the same time, we should strengthen democracy and the legal system; publicize socialist morality and customs; and make efforts to enrich and liven up the cultural life of the peasants by promoting the massive activities of establishing new common practices and customs, so that socialist ideology will truly occupy the rural areas.

Yang Xizong stressed that consolidating primary party organizations is a prerequisite for beefing up ideological and political work in the countryside. All rural cadres should learn from Comrade Jiao Yulu to change their work style, improve their relations with the masses, win the confidence of the people by practicing honesty in performing official duties, make friends with the people by rendering them service, and bring benefits to the

people by developing and expanding the collective economy at the village level. Meanwhile, they should work hard to establish closer ties between the party and the masses, and between cadres and the masses, and take practical measures to consolidate the mass organizations, such as the People's Militia, the Communist Youth League, and the women's federation, and make active contributions in strengthening ideological and political work in the rural areas.

### Henan Governor States Plans for Economic Work

HK1801020890 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 14 Jan 90

[Excerpts] At the Henan Provincial Conference on Planning, Economic, and Financial Work, which was convened yesterday morning, Cheng Weigao, governor of Henan Province, stated the guiding ideology for this year's economic work. This guiding ideology can be summed up in the following two points: 1) To further implement the spirit of the 5th Plenary Session of the 13th CPC Central Committee in breadth and depth; and 2) to actively push ahead with the campaign aimed at improving the economic environment, rectifying the economic order, and deepening the reform while maintaining social stability as well as a sustained and steady economic growth in 1990.

Governor Cheng Weigao said that according to this guiding ideology, Henan's economic work in 1990 must concentrate on maintaining stability, boosting morale, and promoting development. [passage omitted]

With regard to Henan's planning and economic work in 1990, Governor Cheng Weigao stressed the following four points: 1) To further implement the principle of basing national economic development on agricultural development; 2) to concentrate on increasing economic results, readjusting the product mix, and promoting technological progress in the hope of maintaining an appropriate industrial growth; 3) to further strengthen price management, strictly control prices, strengthen market management, and maintain market stability; and 4) to guarantee wage expenditure, maintain social stability, guarantee the construction of key projects, and strengthen reserve economic strength. [passage omitted]

Governor Cheng Weigao called on all the comrades to comprehensively and correctly view the current economic situation. He said that in a certain sense, the campaign aimed at improving the economic environment and rectifying the economic order has entered a crucial stage in 1990. Therefore, whether this year's economic work is successful or not is at once an economic question and a political question. For this reason, all the comrades must strengthen their sense of historical responsibility, their sense of urgency, and their consciousness in this regard in order to safeguard the CPC leadership and socialism. So long as the people of Henan make concerted efforts, brace up, make the best of use all



the favorable conditions available, and resolve to overcome the current difficulties, Henan will certainly be able to tide over its current difficulties and make greater achievements in 1990.

### Henan Progresses Against Six Vices

*HK1801042790 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 17 Jan 90*

[Text] It was revealed during a news briefing held by the provincial public security bureau yesterday that after the 13 November State Council telephone conference last year, local authorities throughout the province have taken actions and mobilized the masses to launch a campaign to wipe out the six vices. By 15 January, a total of 13,052 cases involving the six vices have been investigated and handled; more than 47,800 offenders who have been involved in the six vices have been caught; more than 2,000 pornographic video cassettes, more than 52,000 copies of pornographic publications, some gambling devices, and some narcotic drugs have been confiscated; and a large number of people who have been involved in the six vices have visited police stations to make confessions.

During the news briefing, (Liu Shipu), spokesman for and deputy director of the provincial public security department, pointed out: Although we have achieved initial success in the operation against the six vices, we are still facing some problems that require us to carefully study and deal with them. We hope that our cadres and the public will enhance their understanding of the harmfulness of the six vices, and that all departments concerned and organizations at all levels will work together to fight the six vices, so that the struggle against the six vices will be carried out further in this province.

### Hubei Secretary Inspects Automobile Factory

*HK1801043190 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 17 Jan 90*

[Excerpts] During an inspection tour at Wuhan Light-duty Automobile General Factory, provincial party committee Secretary Guan Guangfu emphasized that responsible comrades of party committees, governments, and departments in charge of economic affairs at all levels must go down to enterprises, particularly enterprises in difficulty, to conduct surveys and to help them resolve problems with production and management, with a view to ensuring a sustained, steady, and harmonious economic growth.

Yesterday morning, Guan Guangfu, in the company of Vice Governor Xu Penghang and Wuhan Mayor Zhao Baojiang, inspected Wuhan Light-duty Automobile General Factory, which has had difficulty with production and management. They discussed ideas then and there to find a way to help this factory resolve its problems. [passage omitted]

(Cao Junde), chairman of the provincial federation of trade unions; (Jin Shilang), director of the provincial economic commission; (Zhang Lixiu), deputy secretary general of the provincial party committee; and responsible persons of the departments concerned of Wuhan City accompanied Guan Guangfu during his inspection tour at the automobile factory.

### Hunan Expels Five Cadres for Corruption

*HK1901030390 Changsha Hunan Provincial Service in Mandarin 2300 GMT 16 Jan 90*

[Excerpt] The provincial Discipline Inspection Commission recently issued a circular on the expulsion of five party member cadres from the party for arbitrarily offending the law and regulations in building private apartments.

The circular points out: The five party member cadres, namely, (Tao Shuhua), [words indistinct] of the Hengyang City Party Committee; (Zhong Desheng), deputy magistrate of Sangzhi County; (Xu Tieliang), magistrate of Taojiang County; (Liang Jingan), a research fellow at the deputy magistrate level of Lianyuan city government; and (Li Tianyao), deputy head of a department under the Linxiang County Party Committee, unscrupulously abused power to appropriate the state and collective funds and materials and offered and accepted large amounts of bribes in building private apartments. The circular continues: It was absolutely necessary to expel from the party the five people, like (Tao Shuhua), who is typical of corrupt elements in our party, because they had completely forfeited their Communist Party membership. Those who are found offending the criminal law should be dealt with by judicial organs. Leading cadres at different levels should draw lessons from the errors committed by the five people, like (Tao Shuhua), and should seriously discuss and think over two issues: One is what a Communist Party member should pursue; the other is how should we exercise our power when we have power in hand. Through discussion, they are required to cement their conviction in communism, acquire a firmer idea of serving the people, and always maintain the true qualities of a Communist Party member. [passage omitted]

## Southwest Region

### Guizhou Reviews Progress Against Six Vices

*HK1901082990 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 16 Jan 90*

[Excerpts] The provincial people's government and provincial leading group for elimination of the six vices yesterday morning gave a news briefing on how the work of wiping out the six vices was going, and assigned new jobs for the work at the meeting.

Vice Governor Zhang Yuqin, also head of the provincial leading group for eliminating the six vices, delivered a

speech. She pointed out: Beginning from last mid-November to the end of last December, the campaign against the six vices had been strongly carried out in different areas of our province, handling over 3,200 cases, uncovering more than 13,000 criminals, capturing large numbers of gambling devices, money to game with, and pornographic books, photos and video tapes and a certain number of drugs and things playing up feudal fetishes and superstitions. [passage omitted]

Zhang Yuqin pointed out that the next step of the move will be concentrated on four clean-ups in organizations and departments. Leaders at different levels should fully mobilize judicial and public security organs along with organizations of public health, tourism, propaganda, culture, press and publication, industry and commerce, customs, trade union, the Communist Youth League and the Women's Federation as well as primary party organizations. Meanwhile, journalistic and propaganda work should also be strengthened.

She concluded that the provincial party committee and government are resolved to carry out the struggle against the six vices in a more deepgoing way and achieve the hoped-for results.

#### **Guizhou Reports Increased Trade**

*OW1501005790 Beijing XINHUA in English  
1443 GMT 14 Jan 90*

[Text] Guiyang, January 14 (XINHUA)—The volume of foreign trade of Guizhou Province, southwest China, reached 180 million U.S. dollars in 1989, 16 percent more than the previous year, according to sources from the provincial Department of Foreign Trade.

The province's volume of export last year amounted to 132.2 million U.S. dollars, 13.8 percent more than in 1988 while its volume of import in the first 11 months of last year was 43.28 million U.S. dollars, 44.7 percent more than in the same period of the previous year, the sources said.

The export volume of industrial goods and minerals accounted for 77.5 percent of the province's total export volume last year. In particular, enterprises using overseas funds in the province exported products worth 5.85 million U.S. dollars, 97.6 percent more than in 1988.

Meanwhile, the import volume of chemical fertilizers, breeding stock, rolled steel and other important production materials accounted for 30 percent of its total import volume and that of raw materials for light industry and textiles accounted for 16 percent while that of important machinery and equipment for 45 percent.

#### **Sichuan Officials Pay New Year Calls on Army**

*HK1801145690 Chengdu Sichuan Provincial  
Service in Mandarin 2300 GMT 15 Jan 90*

[Text] Yesterday morning Governor Zhang Haoruo, who is also head of the provincial comfort group for supporting the army and giving preferential treatment to

families of revolutionary servicemen and martyrs, together with Luo Tongda, Xu Shiqun, Diao Jinxiang and other provincial and Chengdu City leaders, visited organs of the Chengdu Military Region, Chengdu Military Region Air Force, Sichuan Provincial Military District, and the provincial People's Armed Police Corps.

In the name of the people of the whole province, Governor Zhang wished officers and men of all units stationed in Sichuan, and personnel of the people's armed police, a Happy New Year and extended them best regards.

Comrades Fu Quanyou, Wan Haifeng, and other leaders of Chengdu Military Region held a forum with all members of the provincial comfort group, at which the comfort group solicited opinions from troop units on the work of local authorities.

#### **Science, Technology Boost Sichuan Agriculture**

*HK1701032790 Beijing RENMIN RIBAO in Chinese  
8 Jan 90 p 2*

[Dispatch by reporter Chen Hua (7115 5478): "Sichuan Province Achieves Great Results in Promoting Agriculture With the Aid of Science and Technology"]

[Text] Chengdu, 7 Jan (RENMIN RIBAO)—Sichuan has attained marked results by heavily and vigorously relying on scientific progress and implementing the strategy of promoting agriculture with the aid of science and technology. Calculations show that nearly two-thirds of the 1.9 billion kg in increased grain production in 1989 was obtained through rural technological contract. Science and technology have demonstrated strong vitality in developing the economy.

Agriculture production has stagnated for 4 years running in Sichuan Province, a big agricultural province. To end this passive situation and to enable agriculture to attain new heights, the province has implemented the strategy of "promoting agriculture with the aid of science and technology." First of all, leading cadres at all levels have realized that the rejuvenation of Sichuan's agriculture depends on a major breakthrough in agricultural science and technology and on the popularization of many applicable techniques. To this end, all departments have increased input in agricultural science and technology. Last year, the provincial science and technology commission invested a total of 7.5 million yuan in agricultural science and technology, an increase of 4 million yuan over the year before. To improve scientific research conditions in agricultural scientific research departments at the provincial and prefectural levels, the provincial finance increased the operating expenses of the research institutes subordinated to the provincial authorities by 200 yuan on a per capita basis last year. The allowances for key agricultural scientific research topics in cities, prefectures, and autonomous prefectures were also increased by 18.52 percent over the previous year. Because Sichuan has attached importance to this work ideologically and put it into effect, it has made

major headway in implementing the strategy of promoting agriculture with the aid of science and technology.

The practice of organizing forces to tackle crucial technological problems, which have a major effect on agricultural production and development, has played a very big role in raising agricultural productivity. According to statistics, by the end of 1988, the province had cultivated 31 new varieties during the Seventh 5-Year Plan and popularized them in over 50 million mu of cultivated land, thus increasing the output by over 1 billion kg of grain, over 5.5 million kg of rapeseed, 0.56 million kg of ginned cotton, which have a combined value of 313 million yuan. "D-you 63," a new variety of high-yield, high-quality, disease-resistant hybrid rice cultivated by Sichuan Agricultural University, has reached the level of "Shan-you 63," the current top variety in the country. After being popularized, it has created 319 million yuan in economic results.

Sichuan has vigorously instituted various forms of rural technological contract system and relied on contracted scientist and technicians, which serve as "carriers," to open up a new situation in popularizing and applying agricultural science and technology. According to statistics from 21 prefectures, cities, and autonomous prefectures and 98 counties (cities), as many as 86,000 people joined in the rural technological contract system on various occasions and popularized over 1,100 scientific and technological achievements last year. On the basis of the previous practice of contracting single projects by individuals, the province has developed the rural technological contract system on a group basis, formed networks, and developed coordination. Technological contract, especially group contract, makes it possible to popularize in large areas such advanced agricultural technologies as semi-dry cultivation, fertilizer application according to prescription, and comprehensive prevention and treatment of plant diseases and insect pests, cultivation according to standard pattern, and the use of fine varieties of crops. Of the province's increased grain output last year, a total of 1.15 billion kg of grain, worth over 2.8 billion yuan in extra income, was obtained through technological contract.

#### **Tibet Military District Holds Work Conference**

*HK1901070390 Lhasa Tibet Regional Service  
in Mandarin 1130 GMT 16 Jan 90*

[Excerpts] A conference of the Tibet Military District on political work held a few days ago emphasized: It is necessary to implement the spirit of the conferences of the whole army and the Chengdu Military Region on political work and to build an impregnable ideological great wall while building a military great wall in Tibet's frontier defense.

Leading comrades, including Jiang Hongquan, (Gao Taijin), (Ouyang Ning), (Yu Minggao), and Wang Shunhe attended the conference and respectively conveyed the important speeches of Military Commission

Vice Chairman Liu Huaqing and Military Commission Secretary General Yang Baibing, the summary of minutes on a number of issues on strengthening and improving the political work of the Army in the new situation, and the spirit of the Chengdu Military Region conference on political work.

In his speech, Military District Commander Jiang Hongquan stressed: Political work is the lifeblood of our Army. This is a truth repeatedly proven by several decades' practice of revolution and construction and cannot be suspected and shaken in the slightest. We must give full play to the political superiority of our Army, vigorously step up the building of party organizations at all levels, give prominence to grasping well education in adhering to the four cardinal principles and combating bourgeois liberalization, persistently train revolutionary army men according to the target of the four haves [having lofty ideas, good morality, knowledge, and good health], and improve the ideological and moral quality of the cadres and fighters.

He also pointed out: To do political work well, it is also essential to do a good job in materialist dialectical ideology. [passage omitted] It is imperative to use vigorous ideological and political work to completely ensure three guarantees and to completely heighten the combat effectiveness of the troops.

#### **Cadres Convey, Study Tibet CPC Session Spirit**

*HK1901084990 Lhasa Tibet Regional Service  
in Mandarin 1130 GMT 14 Jan 90*

[Excerpts] The regional People's Congress Standing Committee recently organized the cadres at and above a county level of its organs to convey and study the spirit of the eighth enlarged plenary session of the third regional party committee. [passage omitted]

They unanimously declared: Under the guidance of the spirit of the 5th Plenary Session of the 13th CPC Central Committee and of enlarged plenary session of the regional party committee, we must inspire enthusiasm to implement it. [passage omitted]

In the course of study and discussion, they correctly analyzed the situation and defined the guiding ideology and the tasks of their work. [passage omitted] Through study and discussion, on the basis of heightening understanding and ideology, and in the light of the realities of the work of the people's congress, they brought forward the issue of how to really implement the spirit of the enlarged plenary session of the regional party committee.

They held: In the report at the session, Comrade Hu Jintao put forward the important tasks of perfecting the system of regional autonomy of minority nationalities even better and implementing the policies toward nationalities well. With a high degree of sense of responsibility and dedication, we must strive to do all aspects of the work of the people's congress, centered on these tasks. We must first know that the work of the people's



Congress must be subordinated to and serve the party and the center. On the strength of the powers vested by the law on the exercise of regional autonomy of minority nationalities, the people's congress must vigorously unfold its work. It is necessary to seriously study Marxism-Leninism-Mao Zedong Thought and the theories on the issues of nationalities and to deepen understanding of the spirit of the enlarged plenary session of the regional party committee.

They said: Regional autonomy of minority nationalities is the basic policy of the CPC to solve our country's nationality problem with Marxist and Leninist principles. Perfecting the system of regional autonomy for minority nationalities even better is of extremely important significance to the stabilization of the situation and economic development of our region. We must therefore accomplish the task of regional autonomy of minority nationalities. At present, we must mainly do well in grasping the revision of the regulations on the exercise of autonomy. At the same time, we must inspect the region's situation in enforcing the law on the exercise of regional autonomy of minority nationalities.

Second, we must really do a good job in this year's reelection of the county and township people's congresses throughout our region and in grass-roots building.

Third, we must organize a crack force to go deep into the grass roots to conduct investigations and study and to help the grass roots solve some practical questions.

### Tibet Power Industry Development Continues

OW1401133590 Beijing XINHUA in English  
1257 GMT 14 Jan 90

[Text] Lhasa, January 14 (XINHUA)—The total installed electricity-generating capacity in the Tibet Autonomous Region reached 140,000 kw last year.

Statistics from relevant departments in the region showed that Tibet had built 376 hydroelectric stations, three thermal power stations, two geothermal power stations by the end of 1989.

The region also erected 859 kilometer-long transmission lines over the past thirty years.

Tibet had no power industry before 1955. Over the past three decades, the industry has been developing rapidly in the region.

The state will invest 600 million yuan in the 1990s to build a 90,000-kw hydropower station in Yamzho Lake. During the period, the third and fourth phases of the expansion project of the Yangbajain Geothermal Power Station, the largest of its kind in China, will also be completed.

It is expected that by 2000 the installed electricity-generating capacity in Tibet will reach 360,000 kw.

## North Region

### Beijing Reports Enterprise Approvals

OW1801211590 Beijing XINHUA in English  
1516 GMT 18 Jan 90

[Text] Beijing, January 18 (XINHUA)—Beijing authorities approved 22 wholly foreign-funded enterprises in 1989, 3.7 times the number for the previous year.

The newly-approved enterprises, 20 production-oriented and two service-oriented, have a total investment of 9.38 million U.S. dollars. They are involved in computers, electronics, garments, food, machinery, chemicals, printing and breeding.

An official of the Beijing municipal economic and trade commission said that by the end of 1989, 29 wholly foreign-owned enterprises with a total investment of 14.28 million U.S. dollars had been set up in the Chinese capital.

He said these enterprises were funded by investors from Japan, the United States, New Zealand, the Netherlands, Australia, Bolivia, Taiwan, Hong Kong and some other countries and regions.

The official attributed the foreign enterprise development to preferential treatment granted by the local government to foreign investors and their greater decision-making power in management, employment, production and sales.

By the end of 1989, 594 Sino-foreign joint ventures with contracted investment totalling 4.08 billion U.S. dollars had been set up in Beijing. They attracted a total of 1.88 billion U.S. dollars in foreign funds.

### Beijing Increases Technology Exports

OW0401175390 Beijing XINHUA in English  
1436 GMT 4 Jan 90

[Text] Beijing, January 4 (XINHUA)—Technology exports earned Beijing 50 million U.S. dollars in 1989, 5.5 times the total of the past nine years, according to a local official.

Xu Xiguan, official of the Beijing Municipal Commission of Foreign Economic Relations and Trade, said today that the boom chiefly resulted from increases in exports of new technology and high-tech software.

Exports include complete sets of industrial equipment, technological services, new technology and high-tech software.

Since Beijing began to export technology in 1980, measures have been taken to boost exports. A special fund has been established and two export companies have been designated to be responsible for the business.

The Chinese capital has already sold technology to a dozen countries and regions, including some in South-east Asia, South America and the Middle East.

**Shanxi Reports Spark Program Gains***OW1801181890 Beijing XINHUA in English  
0856 GMT 18 Jan 90*

[Text] Taiyuan, January 18 (XINHUA)—A program to extend technology to rural areas has yielded good results in north China's Shanxi Province in the past four years, according to local sources today.

The province has reaped 1.54 billion yuan (about 329 million U.S. dollars) in output value, 770 million yuan in taxes and profits and about 19 million U.S. dollars in foreign exchange earnings from exports since the program was set up here four years ago.

The national "Spark Program" is aimed at developing practical technology to spur China's rural economy. In Shanxi, some 789 projects under the program have been implemented in the last four years, involving a total investment of 260 million yuan.

Scientists and technicians are encouraged to actively participate in the program, and at least 880,000 farmers have been trained in practical technology, the local sources said.

**Tan Shaowen Addresses Tianjin Rally 12 Jan***SK1601074790 Tianjin City Service in Mandarin  
2300 GMT 12 Jan 90*

[Text] The propaganda department of the municipal party committee, the municipal committee of the Communist Youth League, the municipal Young Pioneers work committee, and the municipal education bureau held a joint rally at the first workers palace on the afternoon of 12 January to mobilize efforts to learn from Lai Ning, win commendatory medals, and strive to be good youths of Tianjin. Comrade Wu Zhen, chairman of the municipal people's congress Standing Committee, wrote an inscription for the rally—Learn From Lai Ning And Be Successors to the Proletarian Revolutionary Cause.

Tan Shaowen, secretary of the municipal party committee, spoke at the rally. He said cultivating millions of Lai Ning-type youths is a need of this era, a need in building socialism with Chinese characteristics, and a need in carrying the proletarian revolutionary cause through to the end. The current international and domestic situation, and the new characteristics of today's youths set forth new demands on the education of youths. We should conscientiously study the new circumstances and new issues in the youth work cropping up in the new situation, and intensify the training and education of youth in line with them.

(Sun Yunxiao), writer of children's literature, was invited to the rally to introduce the moving deeds of the young hero Lai Ning.

**Northeast Region****Jilin Outlines 1990 Work Demands***SK1801053390 Changchun Jilin Provincial Service  
in Mandarin 2200 GMT 12 Jan 90*

[Text] On 12 January, the provincial people's government held a plenary session. Governor Wang Zhongyu delivered a report during this session that reviewed the tasks of 1989 and put forward demands for 1990.

In his report, Comrade Wang Zhongyu stated: The year of 1989 was abnormal. Under quite unfavorable conditions, governments and departments at all levels throughout the province, by resolutely implementing the principle formulated by the CPC Central Committee and the State Council with regard to improving the economic environment, rectifying economic order, and deepening the reform drive and the work arrangements made by the provincial party committee as well as by closely relying on the masses, worked arduously and scored better achievements in stabilizing the economy and the situation. The national economy achieved continuous development along a stable road. The province reaped a better harvest in agricultural production by combating the natural disasters, and it succeeded in preventing violent ups and downs in industrial production under seriously difficult conditions. It brought the trend of price hikes under effective control and maintained the basic stability in markets in both urban and rural areas. The province's many policies began to become effective and its economic order took a slight turn for the better. The province's financial revenues increased. The gap between society's general demand and supply became smaller. The work of consolidating corporations and companies as well as distribution was a little better. The undertakings of science and technology, education, and other social affairs achieved new development. The building of the socialist democracy and legal systems was strengthened, which brought about basic social stability. The struggle against corruption was deeply carried out and the province scored effectively in building administrative honesty.

In his report, Comrade Wang Zhongyu stated: In reviewing the work done over the past year, although the province did not achieve its desired target in organizational work, such aforementioned achievements were hard-won. Meanwhile, the province fully estimated the serious difficulties which prevail at present. Only by earnestly implementing the spirit of the 5th Plenary Session of the 13th CPC Central Committee and by making concerted efforts to successfully improve the environment and rectify order can we tide over temporary difficulties and see the first light of morning fairly soon.

In referring to 1990 work in his report, Comrade Wang Zhongyu pointed out: The year of 1990 is a crucial period in which we will enter the stage of storming the heavily fortified points of improving the environment and rectifying order and in which we will have both

difficulties and hopes. We must heighten our spirit, enhance our confidence, withstand pressure, take the whole situation into account, work hard, and go through the ordeal during the year so as to strive to score the new achievements of the nineties and achieve further development in various social undertakings. The province's basic tasks in 1990 are, on the premise of maintaining social stability, to concentrate on improving the environment, rectifying order, and deepening the reform drive; and to realistically orient the economic work to the track with goal being increasing economic results so as to have various social undertakings achieve harmonious development. The major goals of 1990 task are to have the gross national product continuously score an increase, to have total grain output restored to the average level of 3 years prior to the period of the disasters, to maintain an adequate growth in industrial production, to control the scales of investments in fixed assets and of price hikes under the state plan, to increase the volume of effective supplies to realistically ensure the supply of necessities for people's daily lives, to adopt every possible way and means to increase economic results, to have financial revenues and expenses achieve a balance, to stabilize or improve the existing reform measures, to explore new reform measures, to continue to vigorously enhance the scientific and technological education, to promote the prosperity of socialist cultural undertakings, to further enhance the work concerning public security, and to consolidate and develop the political situation of stability and unity.

In his report, Comrade Wang Zhongyu stated: We should take every possible way and means to reap a bumper agricultural harvest this year. The province's rural work goals in the year are, in case of normal conditions, to restore grain output to the average level of 3 years prior to the disaster-stricken period; to reach a self-sufficient level in the output of oil-bearing seeds; to reach a level in beet output which can meet the existing processing capability; to upgrade the function of animal husbandry production; to upgrade the level of developing a diversified economy; and to upgrade the self-development of town-run enterprises. In order to fulfill the goals, units from top to bottom throughout the province should make concerted efforts to do a good job in conducting agricultural production. Various industries and trades should coordinate each other to vigorously support agriculture. Efforts should be made to regard as a fundamental measure the work of having science and technology make agriculture flourish, to regard the year as a period in which the province will concentrate on developing water resources, to enhance the construction of water conservancy works, to develop in a planned manner agricultural resources, and to open new production fields. In industrial production, we should maintain an adequate growth based on increasing economic results, putting the task of commodity sales first, and regarding structural readjustment as (the guiding ideology) of enterprise management and industrial production.

In his report, Governor Wang Zhongyu also made work arrangements for curtailing the scale of investments in fixed assets, readjusting the investment structure, enhancing the comprehensive balance of credits, realizing a balance between financial revenues and expenses, managing markets and commodity prices, conducting reforms and opening to the outside world, maintaining social peace and order, and conducting science and technology as well as education.

Attending the plenary session of the provincial People's Government were the vice governors of the province, including: Wu Yixia, Liu Xilin, Li Dezhu, and Wang Yunkun; Hui Liangyu, vice governor of the province and [words indistinct]; and other government personnel.

Attending the plenary session as observers were responsible comrades from the departments and bureaus concerned. Among those who were invited to the session were responsible comrades from the provincial party committee, the provincial People's Congress, the provincial Chinese People's Political Consultative Conference committee, the provincial trade union council, the provincial Communist Youth League committee, and the provincial women's federation.

#### **He Zhukang Addresses Jilin Cadre Meeting**

*SK1201050190 Changchun Jilin Provincial  
Service in Mandarin 1030 GMT 11 Jan 90*

[Text] This morning, the provincial party committee held a meeting of party-member cadres responsible for relaying the guidelines of the central leading comrades' important speeches on party building.

Comrade He Zhukang, secretary of the provincial party committee, put forward explicit demands and suggestions on conscientiously studying and implementing the speeches given by the central leading comrades and on the current work.

Attending today's meeting were leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference [CPPCC], and the provincial Discipline Inspection Commission, members of the provincial party committee, the provincial Advisory Commission and the provincial Discipline Inspection Commission staying in Changchun, responsible comrades of various departments of the provincial-level organs and of various city, prefectural and autonomous prefectural party committees, former provincial-level veteran leaders, and retired cadres at and above the department level.

The meeting was presided over by Comrade Wang Zhongyu, deputy secretary of the provincial party committee. After relaying the important speeches of the central leading comrades, Comrade He Zhukang offered several suggestions on conscientiously studying and



implementing the guidelines of the central leading comrades' important speeches and on striving to do well the current work.

Comrade He Zhukang said: First of all, we should clearly understand the situation and unswervingly maintain ideological and political unity with the party Central Committee. At present, our party and country are in a very critical period. Continuously maintaining a stable political stability in the country, and unswervingly pushing forward socialist modernization drive and the reform and opening-up undertakings will involve very arduous tasks. However, socialism will finally triumph over capitalism no matter how many difficulties and setbacks we will come across on our road of advance. This is an objective law independent of the people's will. At present, the general situation has remained severe. But, under the correct leadership of the party Central Committee with Comrade Jiang Zemin as the nucleus, the situation of the whole country has begun to change fundamentally. After halting disturbances and quelling the rebellion, the situation of Beijing as well as the whole country had been rapidly stabilized. The social order returned to normal. We must correctly understand the current situation and enhance our confidence. Regardless of the changes in the international and domestic political situations and the great temporary difficulties we have encountered, we must not stop our faith in communism and our efforts to persist in the communist party leadership and to follow the socialist road. In face of major issues of principle, we must adopt a firm stand, strengthen our faith, have sharp eyes and clearly distinguish between the rights and wrongs, and consciously maintain a high degree of unity with the party Central Committee in terms of our ideology, actions and work.

Comrade He Zhukang also pointed out: It is necessary to strengthen confidence, and try by all possible ways to push economic work forward. To stabilize the political situation, the most essential thing we should do is to stabilize the economy. The international and domestic situations and tasks urgently require our efforts to try by every possible means to do economic work well. At present, we have encountered many difficulties and problems in our economic work indeed. While looking squarely at these difficulties and problems, we must also recognize the favorable conditions, and strengthen our confidence in overcoming difficulties. As long as we correctly treat these problems, make full use of the favorable conditions, rely on the masses, and work in a down-to-earth manner, we will surely overcome difficulties and push economic work forward.

Comrade He Zhukang particularly pointed out: We must concentrate our attention on grasping party building with a high sense of historical responsibility and urgency, firmly grasp the guiding ideology for party building, and build our party into the vanguard of the working class armed with Marxism-Leninism-Mao Zedong Thought. It is necessary to exert resolute efforts to grasp the party's ideological construction well. At present, we must saliently solve the problem that a considerable number

of communist party members have failed to join the party ideologically. We should systematically and deeply conduct education on the basic theories of Marxism-Leninism-Mao Zedong Thought, on the party's basic line, and on the party's basic knowledge, use the Marxist world outlook and methodology to arm the broad masses of party members, strengthen the building of leading bodies at all levels with a focus on the building of leading bodies at and above the county party committee level and of the organs of state power.

He Zhukang also pointed out: We should maintain close ties with the masses and realistically improve leadership work style. Leading organs at all levels should further rectify the work style, cultivate and foster a good mental state, set examples for the grass roots and the masses and realistically improve leadership work style. The provincial party committee and the provincial government should first begin with the work, make decision to simplify and reduce the number of meetings and documents, go deeply to plants and the rural areas and among the masses from their offices, and focus their work on the grass roots. We should continue to grasp the building of clean politics, implement measures in favor of administrative honesty and continue to attend to the work of combating pornography and eliminating the six vices. At the same time, we should make proper arrangements for the cultural life of the masses during the festive days, and guarantee that the people in the urban and rural areas will spend the Spring Festival in a happy, harmonious, civilized, healthy and austere manner. At the end of his speech, Comrade He Zhukang pointed out: We should conscientiously study and emulate and strive to raise the Marxist theoretical level of the whole party. Leading cadres at all levels, particularly high and medium-ranking cadres, should strive to devote some time to studying the classical works of Marxism and Leninism and the basic theories and viewpoints of Marxism-Leninism-Mao Zedong Thought. At present, we should pay special attention to studying the Marxist philosophy, particularly Comrade Mao Zedong's philosophic works, and the works of the proletarian revolutionaries of the older generation including Comrade Deng Xiaoping, which are full of philosophic thinking, grasp the basic viewpoints and methods of dialectical materialism and historical materialism, and strengthen our abilities to distinguish between right and wrong and to resist the corrosive influence caused by bourgeois thinking. Efforts should be made to study the Marxist theories on party building, enhance our awareness in party building, promote the spirit of integrating theory with practice, persist in studying for the purpose of application, and raise our work to a new level.

Lastly, Comrade Wang Zhongyu gave a speech. He said: All provincial-level units and departments, should organize the broad masses of party members and cadres to conscientiously study and discuss the guidelines of the fifth plenary session, further seek unity in thinking, boost working enthusiasm, enhance confidence and do a better job in all work.

### Liaoning Secretary Addresses Party Work Meeting

SK1701015590 Shenyang Liaoning Provincial  
Service in Mandarin 2300 GMT 12 Jan 90

[Excerpts] The party's work committee of the organs under the provincial party committee and the party's work committee of the organs under the provincial government held their respective meetings on the party's work of these organs on the morning of 12 January. They called on party organizations at various levels of these organs to clearly understand the situation, seize the opportunity, and concentrate attention on party building of the organs. Quan Shuren, secretary of the provincial party committee, gave an important speech at the meeting of the organs under the provincial party committee. Attending the meetings were more than 400 persons, including part-time and full-time secretaries of the party committees and secretaries of the discipline inspection commissions of the various departments and committees of the provincial party committee and the various departments and bureaus of the provincial government.

The meetings noted: Some major issues that arose in the world successively showed that the international hostile forces were stepping up their efforts to promote the strategy of peaceful evolution. Although the turmoil and counterrevolutionary rebellion that occurred in the country have been suppressed, a small number of persons who stubbornly persist in bourgeois liberalization do not resign themselves to defeat. The struggle to oppose bourgeois liberalization and peaceful evolution is protracted and complicated. Party organizations at various levels of these organs, and all the communist party members should fully understand the importance and urgency of the work to strengthen party building in the new period, and exert concerted efforts to succeed in the party building of the organs. [passage omitted]

In his speech, Quan Shuren, secretary of the provincial party committee, spoke on his understanding after attending the party building theoretical study session of the party school of the party Central Committee. He urged: Party organizations of these organs should fully understand the rigorous situation and great historical tasks that the party is faced with and the danger created by the accelerated efforts of international hostile forces to promote the strategy of peaceful evolution, correctly assess the present situation of the party, and enhance their understanding of the importance and urgency of the work to strengthen party building in the new situation.

Speaking on ways to strengthen the party building of the organs under the provincial party committee and government, Quan Shuren stressed: We should persistently conduct the education on the struggle to adhere to the four cardinal principles and oppose bourgeois liberalization, improve the party's system of democratic centralism, strengthen the party's unity and solidarity, fully arouse the enthusiasm and creativity of party organizations at various levels and all the party members, adhere

to the principle of running the party strictly, promote the blood-and-flesh ties between the party and the masses, and pay attention to the theoretical study of the cadres with party membership.

He emphasized: Directors and leading party groups of various departments and bureaus should attach importance to and support the work of the party committees of the organs of their own departments, provide necessary conditions for the party organizations of the organs to carry out work, and conscientiously change the situation in which the party's work of the organs is weak.

### Quan Shuren Attends Liaoning CYL Meeting

SK1701022990 Shenyang Liaoning Provincial  
Service in Mandarin 2300 GMT 10 Jan 90

[Text] A meeting of representatives of the Liaoning Provincial Communist Youth League [CYL] Committee ceremoniously opened in Shenyang on 10 January.

Representatives of some 8.09 million CYL members of the province gathered together to jointly discuss the matters of vital importance related to the construction and the development of the CYL.

Present at the meeting were leading comrades of the provincial party committee, the provincial advisory commission, the provincial discipline inspection commission, the provincial People's Congress Standing Committee, the provincial government, and the provincial committee of the Chinese People's Political Consultative Conference, including Quan Shuren, Dai Suli, Wang Guangzhong, Xu Shaofu, Sun Qi, Wang Julu, Chen Suzhi, Liu Dongfan, Gao Zi, and Wang Chonglu; and some veteran comrades who have concerned themselves with and supported the work toward the youth, including Guo Feng, Li Huang, and Liu Wen.

Liu Yandong, executive member of the secretariat of the CYL Central Committee, made a special trip from Beijing to attend the meeting.

This special meeting was convened between the eighth provincial CYL congress that was held in 1987 and the ninth provincial CYL congress that will be held 3 years later.

The major subjects to be discussed at the meeting are to center on stabilizing the situation as a whole; to throw in one's lot with the party and the people; and to guide CYL members and young people to work hard, make contributions, and become useful persons in the course of improving the economic environment, rectifying the economic order, and deepening reforms.

(Sun Zhong), secretary of the provincial CYL committee, delivered a work report at the meeting.

He reviewed in the report that since the eighth provincial CYL congress, the CYL organizations at various levels across the province have guided the young people to work cooperatively with the party and the people and

have made positive contributions to stabilizing the province's political and economic situation and promoting the social development.

He also set forth the CYL work tasks in the foreseeable future.

(Sun Zhong) said: Under the guiding principle of a center and two basic points, with the goal of promoting the stability of the country and the society and the goal of cultivating a generation of people with lofty ideals, knowledge, moral integrity, and a sense of discipline, and with the major task of implementing the policies of further economic rectification and improvement and in-depth reform, CYL organizations at various levels should continuously unite with all young people, have firm confidence, go all out to make progress, and grow up healthily along with a firm and accurate political orientation.

On behalf of the CYL Central Committee and the Liaoning Provincial party committee, Liu Yandong, executive member of the secretariat of the CYL Central Committee; and Sun Qi, deputy secretary of the provincial party committee, made speeches at the meeting.

They earnestly hoped that youngsters and juveniles across the province would strengthen the sense of urgency and the sense of responsibility, work and study hard, and strive to become a key force to stabilize the society and make outstanding achievements for the party and the people in the course of improving the economic environment, rectifying the economic order, and deepening reforms.

On the afternoon of 10 January, representatives participating in the meeting went to the Shenyang railway station and joined the revolutionary-labor campaign of supporting the old and children, giving cups of water to passengers, and cleaning the environment.

The meeting will last 3 days.

## Taiwan

### Vice-Minister Previews U.S. Trade Talks

#### 'Good' Results Expected

OW0701181790 Taipei CNA in English  
1518 GMT 7 Jan 90

[Text] Taipei, Jan 7 (CNA)—Vice Economics Minister Chiang Pin-kung predicted here Sunday that the upcoming ROC-U.S. trade consultations would produce good results as ROC efforts to improve the imbalance in trade between the two nations have borne fruits.

Trade officials from the ROC and the United States will gather here Monday for three days to review and discuss past and future trade between the two countries.

Sheu Ke-sheng, director general of the Board of Foreign Trade, will head the ROC delegation; the U.S. delegation will be led by Sandra Kristoff, assistant U.S. trade representatives.

Discussions and reviews will center on duties and tariffs, non-tariff trade barriers, service industries and intellectual property rights.

Chiang said that ROC efforts to [words indistinct] the trade surplus in the ROC's favor in the past year were well received by the United States. According to the [words indistinct] package proposed by the Ministry of Economic Affairs, the ROC would try to reduce its trade surplus with the United States 10 percent a year, Chiang said.

A latest statistics show the ROC's trade surplus with the United States falling to 12 billion U.S. dollars in 1989, a 9.8 percent drop from the previous year. Chiang predicted that the trade surplus would be cut another 10 percent in 1990.

Meanwhile, officials from the Finance Ministry said that they would explain the nation's positions on financial, insurance and tariff issues during the ROC-U.S. trade talks.

The meeting will close on Wednesday.

### 'Firm' on Farm Imports

OW0901034390 Taipei CNA in English  
0232 GMT 9 Jan 90

[Text] Taipei, Jan 9 (CNA)—Delegates from the Republic of China [ROC] remained firm on agricultural product imports during the first day of the ROC - U.S. trade consultations in Taipei.

"For the time being, the Republic of China government will not further lift its current controls on foreign agricultural imports," Wa Tung-chuan, director of the Council of Agriculture's Economics and Planning Department, told the press shortly after the close of Monday's talks.

The U.S. side, headed by Sandra Kristoff, assistant U.S. trade representative, presented a long list of proposed tariff cuts, with over 200 of the 1,000 items being agricultural products.

The ROC delegates, Wu said, had briefed their American counterparts on the ROC government's trade liberalization efforts which have included lifting bans on American turkey and duck meat.

The ROC imported 2.2 billion U.S. dollars worth of agricultural products from the United States in 1989, up 800 million U.S. dollars from 1988. Meanwhile, the ROC's deficit in agricultural trade with America jumped from 1988's one billion U.S. dollars to 1989's 1.7 billion U.S. dollars.



The ROC delegates asserted that the impact of lifting controls on more agricultural products involved not only agricultural but also social and political issues.

The past lifting of bans provoked serious protests from farmers here so the ROC delegates, Wu noted, had requested the understanding of the U.S.

The ROC delegates told their counterparts, however, that the ROC government would review its current controls on agricultural product imports after it has successfully readjusted the nation's agricultural structure.

Rice exports were another controversial trade issue discussed between the two countries. Chiu Mao-ying, vice chairman of the Council of Agriculture, explained that the ROC does not encourage growing rice for export and the government has been actively encouraging rice growers to plant other agricultural products.

On copyrights issues, the ROC agreed to grant patent rights to foreign foods and other products and to revise provisions in the current patent rights law concerning "compulsory licensing". The ROC's proposal was well received.

During the talks, the ROC side also expressed its hope that the U.S. would assist the nation in its recent application to join the General Agreement on Tariffs and Trade (GATT).

The Jan. 8-10 trade consultations opened amidst optimism because the ROC trade surplus with America had dropped considerably in 1989.

Sheu Ke-sheng, director general of the Board of Foreign Trade and concurrently chief ROC delegate, pointed out at the opening session that in 1989 the ROC trade surplus with the U.S. fell 9.8 percent from a year earlier.

"This is an encouraging sign even though the decrease is a little lower than the targeted 10 percent," Sheu said.

Furthermore, Sheu added, U.S. exports to Taiwan grew 17 percent in the first 10 months of 1989, much higher than its average export growth rate of 13.8 percent.

The ROC government is implementing action guidelines in the hope of cutting its trade surplus with the U.S. by 10 percent each year.

#### Reduced Tariffs

OW1301041090 Taipei International Service  
in English 0200 GMT 9 Jan 90

[Text] The 1990 round of ROC [Republic of China]-U.S. trade talks began on Monday in Taiwan and will go on for 3 days. The Board of Foreign Trade stated that this is the 1st year in the 10 years that the talks have been held that the ROC will request that the United States reduce import taxes on certain items. General ROC-U.S. trade talks and special talks on specific items are held [words indistinct] throughout the year.

At this round of talks, both sides will discuss the effectiveness of the plan presented by the ROC last year to strengthen trade ties with the United States and lower the trade imbalance between the two countries. Result of the discussions will figure in whether or not the United States lists the ROC as a violator of U.S. trade laws and should be put on a list for retaliation under Section 301. The director of the Board of the Foreign Trade, (Hsu Ke-Sheng), said that the purpose of the talks is to communicate on various issues and strengthen overall trade relations. (Hsu) said the ROC has prepared a long time for the talks and will ask the United States to reduce import duties on 162 items. (Hsu) said any measures for strengthening trade ties must be accomplished with work from both sides. The [word indistinct] topics in the talks will be tariff and non-tariff barriers, liberalizing markets for service industries, and protection of intellectual copy rights.

#### Trade Talks Conclude

OW1401085890 Taipei International Service  
in English 0200 GMT 12 Jan 90

[Text] The 3-day trade consultations between the Republic of China [ROC] and the United States concluded late on Wednesday [10 January] in what one ROC official described as a congenial atmosphere. Wednesday's meeting was primarily a review of the implementation of the copyright agreement and the audio-visual agreement the ROC signed with the United States in May of 1989.

The discussions went smoothly, the official said, since both sides were satisfied with the implementation results. The two sides agreed to discuss the issue of intellectual copyrights again in March.

#### Exports To North America Up, Imports Down

OW1801142690 Taipei CNA in English  
1135 GMT 18 Jan 90

[Text] Taipei, Jan 18 (CNA)—The Republic of China's [ROC's] overall trade transactions with North America in the January-December period last year were priced more than 38.74 billion U.S. dollars, officials of the Board of Foreign Trade [BOFT] said.

The officials of the nation's trade governing and promotion institution also said that in the January-December duration, the two-way trade with North America showed decrease of 224.8 million U.S. dollars or a decline of 0.57 percent compared with the total price tag of 38.96 billion U.S. dollars for the corresponding months in 1988.

Statistics released by the Inspectorate General of Customs and the private Euro-Asia Trade Organization indicated that the ROC's bilateral trade deal with North America accounted for 32.7 percent of the country's global trade transactions hitting 118.47 billion U.S. dollars in the like months.

North America consists of Canada and the United States which is the ROC's top trading partner, the BOFT officials noted.

Outbound shipments from the ROC to North America were quoted over 25.72 billion U.S. dollars last year, soaring by 739.1 million U.S. dollars or a growth of 3 percent against 25.01 billion U.S. dollars in the corresponding months two years earlier.

North American exporters and traders delivered their products to Taiwan totaling 12.99 billion U.S. dollars, down sharply by 963.9 million U.S. dollars or a drop of 6.9 percent from the 1988 level of 13.95 billion U.S. dollars, according to the official figure.

#### **Commentary on Economic Relations With USSR, SRV**

*OW1901020190 Taipei International Service  
in English 0200 GMT 18 Jan 90*

[Station commentary: "Taipei Inches Toward Economic Relations With Moscow, Hanoi"]

[Text] Gradually, but surefootedly, the Republic of China [ROC] on Taiwan is knocking down walls of the past in developing economic trade ties with the Soviet Union and one of its former client states, Vietnam. Taipei's moves in this direction are motivated by the changes sweeping the communist world in recent months.

Recently, the ROC Government on Taiwan announced that direct trade with Vietnam would be permitted. This week, three Vietnamese trade officials visited Taiwan, and praised the government here for opening up channels of economic cooperation between the two countries. The officials said Vietnam hopes to resume full and official economic relations with Taiwan.

Vietnam also hopes to be included on Taipei's list of developing nations eligible for economic aid from Taipei. In exchange, Hanoi says it will grant Taiwan investors and traders special privileges in the Vietnamese market.

All signs point toward a boom in Taipei-Hanoi trade. In some ways, the two countries complement each other well. Years of economic stagnation, and almost no development in consumer markets, have made Vietnam a near perfect target for Taiwan's exports. On the other side of the coin, Taiwan needs natural resources, which Vietnam may be able to offer. Also, Taiwan manufacturers are likely to ask Vietnam for permission to set up factories there, to take advantage of Vietnam's low labor costs.

A major stride forward will be taken later this year when the Chinese National Association of Industry and Commerce sends a high-level trade mission from Taipei to Vietnam. The group will cement trade ties with Hanoi.

Meanwhile, Taipei is also lightening up to similar openings in trade with the Soviet Union. Although direct

trade with the former Communist nemesis is still on the drawing board, economic officials in Taipei are busying themselves with plans to send high-level missions there as well.

CETRA, or the China External Trade Development Council, has set forth plans to allow Soviet manufacturing groups to take part in Taipei trade shows. In exchange, Taiwan manufacturers will also hold shows in the Soviet Union.

Like Vietnam, the Soviet Union has much to gain from trade ties with Taiwan, specially in the consumer electronics field. Taiwan-made PC's [personal computers] and computer peripherals and accessories are affordable to Soviet consumers, giving manufacturers on Taiwan a possible edge in the Soviet market.

Now that political and ideological barriers to normal economic ties are being dismantled, the potential for trade between Taipei and Moscow and Hanoi is great. A lot depends, however, on political and economic liberalizations in those countries. In the past, Taipei stiffly refused contacts with communist states, instead concentrating on large markets in the United States. The trend has shifted due to a need to diversify export markets, and due to the liberalizations occurring in the communist world. If all goes well, Taiwan will have all new opportunities to open new markets, and the Soviet Union and Vietnam will have an excellent supplier of consumer goods.

#### **Government To Help Panama Develop Export Zone**

*OW1801124290 Taipei CNA in English  
0939 GMT 18 Jan 90*

[Text] Panama City, Jan 17 (CNA)—The Republic of China's [ROC's] ambassador in Panama Soong Chang-chih visited Wednesday Panamanian Minister of Commerce and Industry Juan Bautista, exchanging with him opinions on the economic cooperation between the two nations.

Ambassador Soong was accompanied by Political Counselor Lin Chang-hung and Economic Counselor Kam Pao-sheng of the ROC Embassy in the meeting with Minister Bautista, in which he said that the ROC is willing to share her successful experiences in the economic development with Panama.

He told the minister that the ROC Government has decided to develop an export processing zone in Panama for helping revitalize this nation's economy.

In response, Bautista said that Panama highly appreciates the friendship with the ROC and expected that the two nations would increase cooperations for mutual benefits.

He said that his government is revising the agreements on the development of export processing zone and on

guarantees for investment with the ROC, in order to facilitate the development of the projected export processing zone.

The minister said that he is to coordinate with other concerned government agencies for simplifying the visa application of the ROC citizens as a way for attracting more Chinese investments.

#### **Trade Council Agreement With Brazilian State**

*OW1801191890 Taipei CNA in English  
1543 GMT 18 Jan 90*

[Text] Taipei, Jan 18 (CNA)—The China External Trade Development Council (CETRA) signed a cooperation pact with the Secretariat of Industry, Commerce and Tourism of the state of Amazonas of Brazil Thursday.

CETRA Deputy Secretary General Huang Hsingkuo and Dr. Osiris Veasias [word indistinct] da Silva, chief of the Amazonas Secretariat, inked the accord at a ceremony at the Taipei World Trade Center. It was the third cooperation agreement between the Republic of China (ROC) and Brazil. CETRA earlier established cooperative relations with Brazil's Foreign Trade Association and the state of Rio [words indistinct]. The Amazonas Secretariat was the first official Brazilian institution to [word indistinct] up cooperative ties with the semi-official ROC trade body.

After the ceremony, a Brazilian delegation, led by Da Silva briefed local businessmen on Brazil's economic situation and investment environment.

With a population of [word indistinct] million and [word indistinct] natural resources, Brazil is the biggest country in Central and South America; its 1988 foreign trade totalled 50 billion U.S. dollars.

Two-way trade between the ROC and Brazil amounted to a mere 580 million U.S. dollars in 1988, with the ROC exporting just 40 million U.S. dollars worth of goods to the South American country.

During the first ten months of 1989, ROC exports to Brazil increased to 49 million U.S. dollars, and imports reached 564 million U.S. dollars.

ROC bulk imports from Brazil included metals and agricultural products and chemical materials; while major exports were electric machines and electronic parts.

Huang said there was great potential for the expansion of ROC-Brazilian trade, particularly after Brazil announced a free trade policy recently.

The Brazilian Government has also improved visa-processing for ROC visitors, so that time has sped to boost ROC trade and investment ties with Brazil, he added.

#### **Italian Parliamentarians Arrive 15 Jan**

*OW1501185590 Taipei CNA in English  
1201 GMT 15 Jan 90*

[Text] Taipei, Jan 15 (CNA)—A 16-member Italian congressional delegation, led by G. De Giuseppe, deputy speaker of the Italian Senate, arrived in Taipei Monday for a week-long visit.

It is the largest Italian mission to visit the Republic of China (ROC) after Italy opened a trade office in Taipei last September.

De Giuseppe told the local press that the establishment of the trade office will help promote trade and economic relations between the two countries. He said Italy has simplified visa processing procedures for ROC citizens and will continue to shorten processing time.

During their stay here, the Italian visitors will call on ranking ROC Government officials, including Legislative Yuan President Liu Kuo-tsai and Foreign Minister Lien Chan. They will also visit the National Palace Museum and economic institutions. They are scheduled to depart Jan. 21.

#### **Plan Proceeds on Unofficial Budapest Embassy**

*OW1201044590 Taipei International Service  
in English 0200 GMT 8 Jan 90*

[Text] Foreign Ministry European Affairs Deputy Director (Wei Wu-liang) flew to Budapest Saturday to arrange establishment of Taipei's unofficial embassy there in an effort to further strengthen growing ties between the two countries.

Hungary has already agreed to name the institution Taipei Trade Office, a ministry spokesman said. It is believed that (Wu) will also try to get Hungarian officials' consent for the use of the name Republic of China as well as the approval for upgrading the planned trade office to the official representative office. The ministry's spokesman said that the trade office will also be jointly run by the semi-official China External Trade Development Council in the Foreign Ministry.

#### **Premier Li Urges Social Order Restoration**

*OW1001042090 Taipei CNA in English  
0240 GMT 10 Jan 90*

[Text] Taipei, Jan 9 (CNA)—Premier Li Huan Tuesday ordered police authorities and other government agencies to draft a set of countermeasures to cope with worsening social order within the next month.

Li said that from June 1, 1989 when he assumed the premiership, he has received numerous complaints about deteriorating social order.

The cabinet, the premier noted, has given top priority to the issue and adopted some effective countermeasures.



In a report to Tuesday's meeting presided over by Li, police authorities reported that they had seized 5,692 illegal guns, most of them smuggled into Taiwan from the Chinese mainland, and arrested over 8,000 law-breakers in nationwide dragnets since mid-November 1989. Without the drive, the police authorities claimed, social order would have deteriorated even more.

Police authorities, after reviewing their nearly completed five-year program to strengthen police forces, asserted that additional funds will be needed in years ahead to meet the nation's demands.

Li, however, was not satisfied with current police efforts to crack down on criminals. He demanded that new laws and a police reorganization be considered during the coming month.

#### **KMT Committee Expels 'Discipline Violators'**

*OW1401152890 Taipei Domestic Service  
in Mandarin 2300 GMT 12 Jan 90*

[From the "National Hookup" program]

[Text] To enforce party discipline, the Evaluation and Discipline Committee of the Chinese Kuomintang [KMT] Central Committee will continue to handle cases about those who violated party regulations during last year's election of legislators, national assemblymen, mayors, and county magistrates.

It has been learned that most of the disciplinary actions taken by various local KMT headquarters are in the form of expelling the discipline violators from the KMT and cancelling their membership records.

#### **Government Building Guided-Missile Frigates**

*OW1401085690 Taipei International Service  
in English 0200 GMT 12 Jan 90*

[From the "News and Commentary" program]

[Text] The Navy of the Republic of China has formally begun construction work on the nation's first locally built guided missile frigate in a bid to modernize its naval force and to strengthen its fighting capabilities.

The navy has contracted with the state-run China Shipbuilding Corporation to build eight Perry-class frigates by the end of 1999 at an estimated total cost of 5.3 billion U.S. dollars. [Words indistinct] frigates about [words indistinct] to build, and the first one is expected to be completed in early 1993.

The construction of the frigates will replace the navy's oldest destroyers and it is part of the government's plan to update the naval force with the second generation of its [word indistinct] warships which include anti-aircraft [words indistinct] antisubmarine capabilities.

Defense Minister Hau Pei-tsun presided over the ceremony to formally kick off the construction of the frigate at the Kaohsiung Shipyard of the China Shipbuilding Corporation.

## Hong Kong

### Entrepreneur Returns From PRC, Reports Concern

HK1901100990 Hong Kong AFP in English  
0857 GMT 19 Jan 90

[Text] Hong Kong, Jan 19 (AFP)—Prospects of Hong Kong becoming an anti-Beijing "subversive base" were China's main concern over the territory, local tycoon Li Ka-shing said here Friday.

He made the comment to reporters at the airport here upon returning from Beijing, where he met with top Chinese leaders, including Deng Xiaoping.

Mr Li said the Chinese leadership has "a real heart and a real mind" in wanting Hong Kong to maintain its "prosperity and stability" before and after 1997, when China resumes sovereignty over the British colony.

"What most concerns the Chinese leaders about the question of Hong Kong is that they don't want Hong Kong to become an anti-communist base," Mr Li said.

Thousands of local people took part in an anti-Beijing rally here on New Year's Day to chant "Down with the Ceausescu in China," a reference to Romanian dictator Nicolae Ceausescu who was ousted and killed last month.

Since the June 4 massacre in Beijing's Tiananmen Square, China has labelled as "subversive" a powerful Hong Kong alliance that was founded to support the now-crushed pro-democracy movement in the Chinese capital.

Beijing has also accused the Hong Kong Alliance in Support of the Democratic Movement in China of helping "wanted criminals flee China." The statement referred to student leaders of the movement, some of whom have managed to seek exile abroad through Hong Kong, allegedly with the aid of local pro-democracy supporters.

Britain has pledged not to ban the alliance, amid fears that it might do so.

The colonial administration here has banned movies with a political tone—usually made in Taiwan—which it has thought might ruffle Beijing's feathers.

Mr Li, seen as "the richest man" in this capitalist haven, has been tagged by the official Chinese media as a "patriotic businessman" who has made huge charitable donations to China and has extensive business links there.

Mr Li said in Beijing on Wednesday that he was donating 10 million Hong Kong dollars (1.3 million U.S.) for the 1990 Beijing Asian Games, scheduled for September, despite calls here for a boycott of the event.

## Basic Law Issue Between PRC, UK Discussed

### PRC Official Comments

HK1901150190 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1357 GMT 19 Jan 90

["Li Hou Comments on the Sino-British Talks on the Link of Hong Kong Political System Across '1997'"—ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 19 Jan (ZHONGGUO XINWEN SHE)—Deputy Director of the State Council Hong Kong and Macao Affairs Office Li Hou said today, in answering China and Hong Kong reporters' questions, that in the talks between China and Britain on the problems of the link of Hong Kong's political system in "1997," China has made great efforts, and that what remains now is concession from its counterpart.

Some reporters asked what specific things China has yielded. Li Hou said, they will learn the answer when the results of the meeting of the Basic Law Special Group on Political Structure are available.

When a reporter asked whether the British side has not made concession, Li Hou answered loudly, efforts are still needed.

When a reporter asked if there is a possibility that Britain may concede in the next 2 days, Li Hou said, who knows, you gentlemen should ask the British side.

Finally, Li Hou stated, as far as our side is concerned, we wish to see an agreement reached by both sides concerning the problem of linking the political system. This will be good for the transition to "1997" as well as for both sides.

Li Hou arrived in Guangzhou this afternoon to participate in the meeting of Basic Law Special Group on Political Structure in its last day and a half.

### PRC Views Political Structure

HK1901153390 Beijing ZHONGGUO XINWEN SHE  
in Chinese 1348 GMT 19 Jan 90

["Lu Ping Says That We Must Formulate a Model for the Political System in the Next 2 Days Anyway"—ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 19 Jan (ZHONGGUO XINWEN SHE)—Lu Ping, deputy secretary general of the Committee for Drafting the Basic Law, told reporters here today that the meeting of the Basic Law Special Group on Political Structure must come up with a political structure model.

Lu Ping made the above statement while answering reporters' questions. He said that this time there must be a political structure model no matter what. This will be the last time we meet, when will there be a model if not this time?

Some reporters from Hong Kong asked, what if what you formulate at this meeting contradicts what the British do? Lu Ping replied, we will leave the contradiction to the future, if there is any, in any case a model will be formulated this time.

Some reporters asked, does this mean that you will not wait for the British side? Lu Ping said, we can still continue to talk it over even when it is formulated, for there will be no such opportunity if we do not come up with a model this time.

Some reporters inquired if amendments are allowed in the political structure model formulated this time. Lu Ping answered that amendments are allowed if somebody proposes them at the general meeting convened next month.

Tomorrow is the last day for the 4-day long meeting of the Special Group on Political Structure. Sources say that at today's meeting, divergence occurred within the group over the two key issues of the production of the future legislative council and the vote counting by separate groups. No consensus has been reached on these two issues.

#### Abode Ruling To Affect Officials

HK1801035290 Hong Kong HONGKONG STANDARD  
in English 18 Jan 90 pp 1, 3

[By Ma Miu-wah in Guangzhou]

[Text] A decision by a Basic Law subgroup and a Chinese legal point raised by a top mainland official yesterday aroused grave concern over the future operation of the Hong Kong civil service.

The new development also threw serious doubts on the workability of Britain's right of abode offer for key Hong Kong officials.

The Basic Law Drafting Committee [BLDC] political subgroup decided to bar the chief executive and principal officials in the post-1997 Government from possessing the right of abode in other countries.

At the same time senior Chinese official Mr Lu Ping pointed out that all local officers in the post-1997 Government—including those holding full British nationality—would be treated compulsorily as Chinese nationals if an article in China's nationality law is applied rigidly to Hong Kong after 1997.

This would mean that the British citizens enjoyed no consular protection while in Hong Kong.

The article prohibits state officials from renouncing Chinese nationality.

Both Mr Lu and a coconvener of the drafters' sub-group indicated the issue of nationality had been raised at least in part by the announcement of Britain's right of abode package for Hong Kong people.

But Mr Lu said the drafting committee could advise the Standing Committee of China's National People's Congress [NPC] to come up with a more flexible interpretation of that article in its application to Hong Kong.

In response to the strong remarks in Guangzhou, some local senior officials pledged their loyalty to Hong Kong.

Mrs Anson Chan, Secretary of the Economic Services, said: "I hold a BDTC [British Dependent Territories Citizen] passport, and do not have the intention to apply for the full British citizenship. I will continue to serve the Government."

The Secretary for Health and Welfare, Mrs Elizabeth Wong, who has been a New Zealand passport holder for 30 years, said she would be willing to forfeit her New Zealand citizenship in order to serve in the Government after 1997. "My commitment is here" she said.

The Hong Kong co-convener of the political subgroup, Dr Raymond Wu Wai-yung, expressed optimism that Article 12 would eventually not apply to Hong Kong. If it did, he said, it would be a heavy blow to the morale of the civil servants.

The subgroup—which was finalising the future political blueprint—decided that the SAR [Special Administrative Region] chief executive, members of the Executive Council, principal officials, Chief Justice of the Court of Final Appeal, chief judge of the High Court and the president of the Legislative Council must not possess right of abode in foreign countries. This is in addition to the original restriction in the Sino-British Joint Declaration that no foreign nationals could assume these posts.

The subgroup's decision and Mr Lu's remarks yesterday aroused serious concern in Hong Kong over the future of the civil service.

They were also seen by observers as "retaliatory measures" against Britain's recent announcement granting 50,000 Hong Kong families, some of them senior civil servants, abode in Britain.

Mr Lu also dismissed any suggestion that it was an internal matter for Britain to convert BDTC passport holders into full British subjects.

"They (Britain) are bound by the Joint Declaration, if they deny their memorandum, we can likewise deny our own memorandum," said Mr Lu.

On the question of Chinese nationality, Mr Lu, a deputy secretary-general of the BLDC, said yesterday afternoon that he understood, in theory, the 180,000 civil servants in Hong Kong after 1997 will be regarded as staff or "state functionaries" as referred to in Article 12 of the Chinese nationality law. The article says: "State functionaries and army men on active service shall not renounce Chinese nationality."

Even if these civil servants are granted right of abode in foreign countries without leaving the territory, Mr Lu



said, they could not renounce their Chinese nationality, and hence they could not enjoy foreign consular protection. As Hong Kong was a special case in China's history, however, the drafters could suggest that the NPA come up with a more flexible interpretation of the relevant article when applying it to Hong Kong.

He indicated that the problems were at least partly related to the offer of citizenship by Britain to 225,000 people in Hong Kong, including civil servants.

"Previously the British Dependent Territories Citizens (BDTCs) were regarded as Chinese nationals in Hong Kong. Without right of abode in Britain, they would settle in Hong Kong.

"Now you Britain grant them right of abode, so that just in case they commit corruption offences or get into trouble, they can flee Hong Kong."

"The problem is very complicated now," Mr Lu said, referring to a pledge by Foreign Secretary Douglas Hurd to provide consular protection to British nationals.

"Britain pledges to offer consular protection to them, but we think they are Chinese. As Chinese nationals, surely they cannot enjoy foreign consular protection."

Mr Lu denied that there was any intention to retaliate against Britain.

"We should put it this way, it is inappropriate for Chinese nationals who possess foreign right of abode to assume the posts of chief executive and principal officials," he said.

He said China did not regard these people as having the right to consular protection from Britain.

"You can they enjoy consular protection but according to our nationality law, they are Chinese nationals, so I don't know what is going to be done."

He denied that China was guilty of double standards, in treating foreign abode holders as Chinese nationals in terms of consular protection but as foreigners in terms of holding high office.

"If the chief executive enjoys Britain's consular protection, do you think it is fair? A simple solution is that you don't seek foreign right of abode and remain as a Chinese national."

Mr Li accused Britain of going back on its previous commitment not to grant full citizenship to Hong Kong people.

"Originally we regarded the whole issue as solely a matter of Britain because they promised not to grant full citizenship, but right of entry.

"And suddenly they announced that the nature of the package was full citizenship, and the whole situation was upset."

Mr Lu supported his argument by providing the drafters and the press with a copy of British Parliament's Foreign Affairs Select Committee report. It reads: "To grant full British citizenship, however, would contradict the British memorandum on nationality attached to the Joint declaration".

Mr Lu said: "As Sir David Wilson told us on June 12 it is important that nothing should be done which could throw any doubt on those documents".

The political sub-group is expected today to begin trying to sort out the pace of political change and composition of the legislature.

Briefing the press yesterday, co-convenor Dr Wu said the announcement of the British nationality package had alerted the drafters.

"This problem, however, does not apply only to British nationals or any other nationals if their right of abode is acquired without going through residency procedures.

"We came to realise a loophole in the definition of Chinese nationals. As China does not allow dual nationality, Chinese can only obtain foreign nationality through residency. So comes the problem for some of the Hong Kong people who have obtained the right of abode in foreign countries through residency."

#### UK Seeks Advice on Abode Ban

HK1801035690 Hong Kong HONGKONG STANDARD  
in English 18 Jan 90 p 3

[Text] The British Government will seek legal advice on the Basic Law sub-group's decision to ban key SAR [Special Administrative Region] officials from possessing foreign right of abode.

The Foreign Office spokesman in Hong Kong, Mr Chris Osborne, said: "Basic Law is a matter for China, but Britain has said for many times that it has an obligation to ensure a full implementation of the Joint Declaration.

"Obviously, we will have to study the matter, and will monitor carefully the activities of the Basic Law Drafting Committee [BLDC]."

He said that if Britain believed any Basic Law provisions contravened the Joint Declaration, it would discuss this with China.

He said Britain was seeking legal advice on the matter.

But he refused to comment on whether there were any signs that the latest developments in Guangzhou could breach the Joint Declaration.

The Joint Declaration does not stipulate that key Hong Kong officials will not be allowed to hold the right of abode in a foreign country. It decrees only that those key posts must not be taken up by foreign nationals.

Commenting on Lu Ping's remarks that the 225,000 people who will be given full British citizenship under the nationality package will not enjoy British consulate protection, Mr Osborne said:

"They will definitely enjoy the same level of consulate protection as any other British nationals because they are considered British nationals.

"One of the things for us is to sort out what the Chinese Government is saying," Mr Osborne said.

"It is not helpful for China to say they will not enjoy British consulate protection because this would undermine the objective of the nationality package which is to retain key people. I cannot tell you what the British Government would do now, but it seems obvious that if it were the case, this will be a subject of discussion with China," he said.

He said the decision of the BLDC sub-group to exclude people from key Government posts and the question of British consulate protection for people with full British citizenship were different issues and should be dealt with separately.

The Foreign Office in London also responded coolly to the developments in Guangzhou.

The new development was immediately used by the British opposition to attack the plan to grant full British passports to 50,000 key Hong Kong families.

Shadow Foreign Secretary, Mr Gerald Kaufman, asked in a Commons debate late last night: "Is this not a torpedo right through the government's ill-conceived plans to award UK passports to 50,000 people?"

"Does this statement, on behalf of the Chinese government, not mean that if the British government plan is enacted everyone awarded a passport will inevitably seek to come to Britain before 1997, thus making a nonsense of the government's claim that the purpose of this plan is to anchor people to Hong Kong?"

#### **Liberals Agree on Compromise**

*HK0901021990 Hong Kong SOUTH CHINA  
MORNING POST in English 9 Jan 90*

[By Chris Yeung]

[Text] The liberal alliance last night decided to stick to the compromise 4-4-2 deal with conservatives and moderates, despite pressure from some of its members to revert to a faster pace of democracy.

Members agreed at a two-hour meeting that it was vital to maintain the spirit of seeking a compromise with other groups for the sake of upholding the unity of the territory.

Mr Yeung Sum, a spokesman for the Joint Committee for the Promotion of Democratic Government, said:

"This is vital in making the policy of 'Hong Kong people ruling Hong Kong' a success."

Last night's meeting was convened after some liberals had raised doubts about the wisdom of sticking to the compromise model which they say was ignored by Basic Law drafters at a political sub-group meeting in Guangzhou last month.

As a matter of principle, they said they should reinstate the more liberal Group of 190 proposals calling for all the legislators and the chief executive to be directly elected by 1997.

Had the liberals decided to pull out, the group of 89 businessmen and professionals had said they would also reconsider their position and might even reinstate a more conservative blueprint.

Mr Yeung said: "We decided to stick to our original position of support for the Group of 190 proposals while adopting the 4-4-2 as a basis for compromise with other groups.

"We have never given up the Group of 190 proposal. there is no contradiction.

"However, we never held out hope that the 4-4-2 model would be fully accepted by the drafters and now we do not expect the model to be adopted by the drafters at next week's meeting. We're prepared for a conservative model."

Of the 28 representatives attending, 16 of them agreed to stick to the 4-4-2 model. One opposed and the others abstained.

While keeping a close watch on the Basic Law decisions, Mr Yeung said they would make concerted efforts to ensure the Government did not back down from introducing democratic reforms to the legislature in 1991 in face of pressure from China.

"It seems that Britain has already backed down over the supremacy power of the Bill of Rights. We're afraid that it will make concessions again in the political reforms," he said.

Mr Yeung said they would petition the Governor this afternoon for greater democracy.

Representatives will also hand in a letter to Sir David Wilson at Kai Tak, before he leaves for a three-day visit to Beijing tomorrow, demanding that 20 seats be directly elected to the Legislative Council in 1991.

They will urge him to relay local wishes for a democratic political framework to Beijing officials during the talks, Mr Yeung said.

**Legislators Reject 'Watered Down' Bill of Rights**

HK1001022790 Hong Kong HONGKONG STANDARD  
in English 10 Jan 90 p 1

[By Ma Miu-wah and Yue Sin-yui]

[Text] The Executive Council [Exco] threw out the "watered down" Bill of Rights yesterday after a heated debate.

Sources said some Exco members were not prepared to approve the draft because it had no provision to prevent it being overthrown by the next government.

The draft is expected to be re-submitted for consideration towards the end of the month after revisions to some of the key areas raised at yesterday's meeting are incorporated.

Although the bill has now been delayed for a second time, a Government spokesman said it was still hoped it would pass within this Legco [Legislative Council] session.

The Chinese side is known to have been closely monitoring the drafting of the bill.

Sources confirmed China wanted to be consulted on the drafting of the bill because it would have permanence beyond 1997, when the Hong Kong Special Administration Region reverts to Chinese rule.

The White Bill due to be gazetted on Friday has now been withheld, pending further "clarification" on some key points.

The problems are understood to be the "supremacy" and "entrenchment" of the bill.

The Chinese authorities have warned that no single piece of legislation should have supreme status over others after 1997 to avoid running the risk of being repealed.

The draft bill was delayed for "political reasons" last month, when the Government decided to drop the plan to entrench it in the statutes to avoid breaching the Sino-British Joint Declaration.

But they still planned to give the bill "overriding status" by requiring the Attorney-General to issue certificates to all future local legislation, stating whether they would be compatible with the bill.

The Government issued a press statement confirming that the first draft of the Bill of Rights had been discussed in Exco and the Secretary for Constitutional Affairs, Mr Michael Suen said it was still the intention to introduce the bill during the current Legco session.

He dismissed as "pure speculation" the idea that the further delay in the passage of the bill was bowing to Chinese pressure.

THE HONGKONG STANDARD has learnt that local Chinese authorities are preparing to react if necessary, either through diplomatic channels or openly as soon as the bill is released.

A senior Chinese source said they would like to see consultations between the Hong Kong and Chinese Governments.

"As the Bill of Rights will have affect beyond 1997, there is of course a need for consultation on both sides.

"Unless this is done, how can we accept the obligation (of having the bill continue after 1997)?" the source said yesterday.

The source declined to say if the Government kept the Chinese side informed of steps during the drafting stage, but the Chinese are known to have indicated to the local administration their concern about the bill.

Another source close to the Chinese side said relevant research was based on information provided by local newspapers.

He said as the Bill of Rights would carry paramount importance and implications for other laws in Hong Kong, the Chinese side would conduct a comprehensive and systematic study after its release.

Studies might include the bill's relations with other laws, and even the naming of the bill.

China is known to be uneasy about the bill being based on two international covenants on human rights, because that might jeopardise the post-1997 legal system.

China is suspicious of the timing of the bill, emerging only seven years before the changeover of sovereignty.

With the bill taking effect for at least the last five years of British rule, China is cautious about Whitehall scoring a diplomatic coup.

They are particularly wary about the Britain placing restrictions on them and at the same time winning an undeserved reputation for championing human rights for the local people.

Meanwhile five journalists' associations met the Legco Ad Hoc group on the Bill of Rights to express their concern about freedom of speech.

**Leftwing Newspaper Bought by PRC-Funded Group**

HK0401020190 Hong Kong HONGKONG STANDARD  
in English 4 Jan 90 p 6

[By Fan Cheuk-wan]

[Text] The most powerful China-funded publishing group in Hong Kong, Sino United Publishing (Holdings) Limited, has concluded a deal to buy a declining leftwing



newspaper and plans to invest millions of dollars in it, said a company spokesman.

After nine months of negotiations, the publishing group has agreed to take over the HONGKONG COMMERCIAL DAILY before the Lunar New Year on January 27, said Miss Tse Lik-ching, the group's public relations manager.

The HONGKONG COMMERCIAL DAILY is one of the five pro-Beijing newspapers in the territory. The others are the WEN WEI PO, TA KUNG PAO, NEW EVENING POST and CHING PAO.

Informed leftwing sources said the paper's takeover was a part of Beijing's strategy of "merging and annexation" in Hong Kong, under which inefficient China-funded enterprises would be taken over by more powerful and well-managed state-owned enterprises.

"China wants to strengthen the social impact of the local leftwing media through innovations and reform," said one source. "The takeover of the HONGKONG COMMERCIAL DAILY will be the first experiment by the authorities to reform leftwing papers in Hong Kong."

A source in the leftwing media said: "Beijing is trying to strengthen leadership over the editorial policy and organisation of the papers."

Mr Lo Chi-hong, director and general manager (Business Operations) of Sino United Publishing, yesterday said the takeover of the HONGKONG COMMERCIAL DAILY was a part of his company's diversification strategy.

"We will not rule out the possibility of buying shares of other local newspapers but ... won't consider buying

another newspaper until we have consolidated the reorganisation of the HONGKONG COMMERCIAL DAILY," he said.

Mr Lo denied the takeover was caused by the June 4 incident and revolt of the territory's leftwing papers during the student movement, saying that his company first contacted the paper in January last year, long before the pro-democracy movement in China.

Leftwing media sources said the takeover was accelerated by the paper's support for the student movement last spring.

"The takeover is basically a commercial decision. Our company believes the HONGKONG COMMERCIAL DAILY has the potential to become an influential and quality paper in Hong Kong," said Mr Lo.

He said his company would inject HK\$160 million in the paper.

"The fresh capital input will be spent on the reorganisation, recruitment of staff and modernisation of office equipment and printing machinery.

"Our takeover and capital input in the paper are aimed at strengthening the news coverage and innovating the image of the paper," he said.

"We will adopt modern management methods. The paper will be required to make profits in future," he said.

The HONGKONG COMMERCIAL DAILY was founded in December 1952 and became the second most widely-circulated daily in late 1950s. Its circulation peaked at more than 100,000 copies a day but today stands at about 20,000.

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